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Transcript Exhibit(s)

Docket #(s): SW-02361A-08-0609

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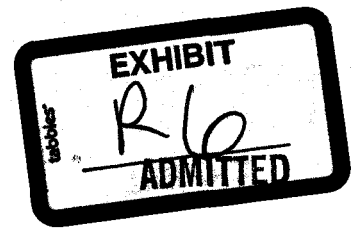
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**BLACK MOUNTAIN SEWER CORPORATION**



**DOCKET NO. SW-02361A-08-0609**

**DIRECT TESTIMONY  
ON COST OF CAPITAL**

**OF**

**WILLIAM A. RIGSBY, CRRA**

**ON BEHALF OF**

**THE**

**RESIDENTIAL UTILITY CONSUMER OFFICE**

**SEPTEMBER 18, 2009**



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**INTRODUCTION**

Q. Please state your name, occupation, and business address.

A. My Name is William A. Rigsby. I am a Public Utilities Analyst V employed by the Residential Utility Consumer Office ("RUCO") located at 1110 W. Washington, Suite 220, Phoenix, Arizona 85007.

Q. Please describe your qualifications in the field of utilities regulation and your educational background.

A. I have been involved with utilities regulation in Arizona since 1994. During that period of time I have worked as a utilities rate analyst for both the Arizona Corporation Commission ("ACC" or "Commission") and for RUCO. I hold a Bachelor of Science degree in the field of finance from Arizona State University and a Master of Business Administration degree, with an emphasis in accounting, from the University of Phoenix. I have been awarded the professional designation, Certified Rate of Return Analyst ("CRRRA") by the Society of Utility and Regulatory Financial Analysts ("SURFA"). The CRRRA designation is awarded based upon experience and the successful completion of a written examination. Appendix I, which is attached to my direct testimony on operating income further describes my educational background and also includes a list of the rate cases and regulatory matters that I have been involved with.



1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to present recommendations that are  
3 based on my analysis of Black Mountain Sewer Corporation's ("BMSC" or  
4 the "Company") application for a permanent rate increase ("Application").  
5 BMSC filed the Application with the Arizona Corporation Commission  
6 ("ACC" or "Commission") on December 19, 2008. The Company has  
7 chosen the operating period ended June 30, 2008 for the test year ("Test  
8 Year") in this proceeding.

9

10 Q. Briefly describe BMSC.

11 A. BMSC is a wholly owned subsidiary of Algonquin Water Resources of  
12 America, which is a wholly owned subsidiary of the Algonquin Power  
13 Income Fund ("Algonquin Fund" or "Parent"), a mutual fund, or trust, which  
14 is listed on the Toronto Stock Exchange (ticker symbol APF.UN). Prior to  
15 being acquired by the Algonquin Fund, the Company was owned by  
16 Boulders Joint Venture and operated under the name of Boulders  
17 Carefree Sewer. In addition to BMSC, the Algonquin Fund also owns and  
18 operates six other ACC regulated utilities: Gold Canyon Sewer Company,  
19 located east of Apache Junction; Litchfield Park Services Company,  
20 situated on the west side of the Phoenix metropolitan area; Rio Rico  
21 Utilities, Inc., located just north of Nogales on the border between Arizona  
22 and Mexico; Bella Vista Water Company, Northern Sunrise Water  
23 Company and Southern Sunrise Water Company located in or near Sierra



1 Vista. The Algonquin Fund also owns Algonquin Water Services, which  
2 directly oversees the daily operations of the aforementioned Arizona  
3 public service companies.  
4

5 Q. Briefly explain what is a mutual fund?

6 A. A mutual fund is a type of investment vehicle that generally provides  
7 investors with the opportunity to place their funds into a professionally  
8 managed portfolio of financial instruments such as stocks or bonds. In the  
9 case of a stock mutual fund, the fund's manager will buy and sell on the  
10 basis of how well a stock meets the fund's investment criteria, such as  
11 providing a specific level of dividend income and/or achieving projected  
12 levels of capital appreciation. Unlike the price of a stock or bond, the  
13 value of a mutual fund is expressed as its net asset value ("NAV"). Fund  
14 managers generally realize a profit from management fees, which are  
15 normally collected as a fixed percentage, typically between 0.5 percent  
16 and 2.00 percent a year, of the fund's NAV. Management fees are  
17 normally deducted from shareholder's assets on an annual basis. Closed-  
18 ended funds have a fixed number of shares that are bought and sold on  
19 securities exchanges in the same manner as individual stocks and bonds.  
20 Open-ended funds, on the other hand, offer new shares and redeem  
21 existing shares on a continual basis.  
22  
23



1 Q. How is the Algonquin Fund structured?

2 A. The Algonquin Fund is an open-ended fund with an investment portfolio  
3 comprised of utilities involved in the production of electricity and the  
4 provision of water and wastewater services. These individual utilities  
5 make up the Algonquin Fund's Hydroelectric, Cogeneration, Alternative  
6 Fuels and Infrastructure Divisions. Instead of a collection of stocks or  
7 bonds, the fund is comprised of utilities that are bought, held and sold in  
8 the hope of achieving desired returns on investment. In this respect, the  
9 Algonquin fund is no different than a utility holding company whose shares  
10 are publicly traded in the financial markets. Shares of the funds are  
11 referred to as units and shareholders are referred to as unitholders. As I  
12 explained above, the Algonquin Fund's managers derive their income from  
13 management fees. A copy of the Algonquin Fund's annual report for 2004  
14 can be viewed in Attachment E.

15  
16 Q. Is this form of ownership common for utilities operating in Arizona?

17 A. No, most investor owned utilities operating in Arizona are either closely  
18 held corporate entities, are owned by a utility holding company or, as in  
19 the case of many water and wastewater utilities, are owned by a firm that  
20 is engaged in land development.

21

22

23



1 Q. Please explain your role in RUCO's analysis of BMSC's Application.

2 A. I reviewed BMSC's Application and performed a cost of capital analysis to  
3 determine a fair rate of return on the Company's invested capital. In  
4 addition to my recommended hypothetical capital structure, my direct  
5 testimony will present my recommended costs of common equity (BMSC  
6 has no preferred stock) and my recommended cost of hypothetical debt.  
7 The recommendations contained in this testimony are based on  
8 information obtained from Company responses to data requests, the  
9 Company's Application and from market-based research that I conducted  
10 during my analysis.

11  
12 Q. Were you also responsible for conducting an analysis on the Company's  
13 proposed revenue level, rate base and rate design?

14 A. No. Those aspects of the case will be addressed in the direct testimony of  
15 RUCO witness Rodney L. Moore.

16  
17 Q. What areas will you address in your testimony?

18 A. I will address the cost of capital issues associated with the case.  
19  
20

21 Q. Please identify the exhibits that you are sponsoring.

22 A. I am sponsoring Schedules WAR-1 through WAR-9.  
23



**SUMMARY OF TESTIMONY AND RECOMMENDATIONS**

Q. Briefly summarize how your cost of capital testimony is organized.

A. My cost of capital testimony is organized into six sections. First, the introduction I have just presented and second, a summary of my testimony that I am about to give. Third, I will present the findings of my cost of equity capital analysis, which utilized both the discounted cash flow ("DCF") method, and the capital asset pricing model ("CAPM"). These are the two methods that RUCO and ACC Staff have consistently used for calculating the cost of equity capital in rate case proceedings in the past, and are the methodologies that the ACC has given the most weight to in setting allowed rates of returns for utilities that operate in the Arizona jurisdiction. In this third section I will also provide a brief overview of the current economic climate within which BMSC is operating. Fourth, I will discuss my recommended capital structure, my recommended cost of long-term debt and my recommended weighted average cost of capital. Sixth, I will comment on BMSC's cost of capital testimony. Schedules WAR-1 through WAR-9 will provide support for my cost of capital analysis.

...



1 Q. Please summarize the recommendations and adjustments that you will  
2 address in your testimony.

3 A. Based on the results of my analysis of BMSC, I am making the following  
4 recommendations:

5  
6 Cost of Equity Capital – I am recommending an 8.22 percent cost of equity  
7 capital. This 8.22 percent figure is based on the results that I obtained in  
8 my cost of equity analysis, which employed both the DCF and CAPM  
9 methodologies. My 8.22 percent cost of equity capital is 458 basis points  
10 lower than the 12.80 percent cost of equity capital being proposed by the  
11 Company.

12  
13 Capital Structure – I am recommending that the Company-proposed  
14 capital structure, which is comprised of approximately 100 percent  
15 common equity be rejected by the ACC and that my recommended  
16 hypothetical capital structure, which is comprised of 60 percent common  
17 equity and 40 percent debt, be adopted by the Commission.

18  
19 Cost of Debt – I am recommending that the Commission adopt a  
20 hypothetical cost of debt of 6.26 percent, which is the average weighted  
21 cost of debt of eight publicly traded water companies that are followed by  
22 securities analysts with The Value Line Investment Survey.



1        Weighted Average Cost of Capital – Based on the results of my  
2        recommended hypothetical capital structure, I am recommending a 7.43  
3        percent cost of capital for BMSC, which is the weighted cost of my  
4        recommended costs of common equity and hypothetical debt. My  
5        recommended weighted average cost of capital is 537 basis points lower  
6        than the 12.80 percent weighted average cost of capital being proposed  
7        by the Company.

8  
9        Q.    Why do you believe that your recommended 7.43 percent weighted  
10        average cost of capital is an appropriate rate of return for BMSC to earn  
11        on its invested capital?

12        A.    The 7.43 percent weighted average cost of capital figure that I am  
13        recommending meets the criteria established in the landmark Supreme  
14        Court cases of Bluefield Water Works & Improvement Co. v. Public  
15        Service Commission of West Virginia (262 U.S. 679, 1923) and Federal  
16        Power Commission v. Hope Natural Gas Company (320 U.S. 391, 1944).  
17        Simply stated, these two cases affirmed that a public utility that is  
18        efficiently and economically managed is entitled to a return on investment  
19        that instills confidence in its financial soundness, allows the utility to attract  
20        capital, and also allows the utility to perform its duty to provide service to  
21        ratepayers. The rate of return adopted for the utility should also be  
22        comparable to a return that investors would expect to receive from  
23        investments with similar risk.



1 The Hope decision allows for the rate of return to cover both the operating  
2 expenses and the "capital costs of the business" which includes interest  
3 on debt and dividend payment to shareholders. This is predicated on the  
4 belief that, in the long run, a company that cannot meet its debt obligations  
5 and provide its shareholders with an adequate rate of return will not  
6 continue to supply adequate public utility service to ratepayers.

7  
8 Q. Do the Bluefield and Hope decisions indicate that a rate of return sufficient  
9 to cover all operating and capital costs is guaranteed?

10 A. No. Neither case *guarantees* a rate of return on utility investment. What  
11 the Bluefield and Hope decisions *do allow*, is for a utility to be provided  
12 with the *opportunity* to earn a reasonable rate of return on its investment.  
13 That is to say that a utility, such as BMSC, is provided with the opportunity  
14 to earn an appropriate rate of return if the Company's management  
15 exercises good judgment and manages its assets and resources in a  
16 manner that is both prudent and economically efficient.

17

18 **COST OF EQUITY CAPITAL**

19 Q. What is your final recommended cost of equity capital for BMSC?

20 A. I am recommending a cost of equity of 8.22 percent. My recommended  
21 8.22 percent cost of equity figure is the mean average of the results of my  
22 DCF and CAPM analyses, which utilized both a sample of publicly traded  
23 water providers and a sample of publicly traded natural gas local



1 distribution companies ("LDC"). This calculation is exhibited on page 3 of  
2 my Schedule WAR-1.

3  
4 **Discounted Cash Flow (DCF) Method**

5 Q. Please explain the DCF method that you used to estimate BMSC's cost of  
6 equity capital.

7 A. The DCF method employs a stock valuation model known as the constant  
8 growth valuation model, that bears the name of Dr. Myron J. Gordon (i.e.  
9 the Gordon model), the professor of finance who was responsible for its  
10 development. Simply stated, the DCF model is based on the premise that  
11 the current price of a given share of common stock is determined by the  
12 present value of all of the future cash flows that will be generated by that  
13 share of common stock. The rate that is used to discount these cash  
14 flows back to their present value is often referred to as the investor's cost  
15 of capital (i.e. the cost at which an investor is willing to forego other  
16 investments in favor of the one that he or she has chosen).

17 Another way of looking at the investor's cost of capital is to consider it from  
18 the standpoint of a company that is offering its shares of stock to the  
19 investing public. In order to raise capital, through the sale of common  
20 stock, a company must provide a required rate of return on its stock that  
21 will attract investors to commit funds to that particular investment. In this  
22 respect, the terms "cost of capital" and "investor's required return" are one  
23 in the same. For common stock, this required return is a function of the



1 dividend that is paid on the stock. The investor's required rate of return  
2 can be expressed as the percentage of the dividend that is paid on the  
3 stock (dividend yield) plus an expected rate of future dividend growth.  
4 This is illustrated in mathematical terms by the following formula:

$$k = \frac{D_1}{P_0} + g$$

5 where: k = the required return (cost of equity, equity capitalization rate),

6  $\frac{D_1}{P_0}$  = the dividend yield of a given share of stock calculated

7 by dividing the expected dividend by the current market  
8 price of the given share of stock, and

9 g = the expected rate of future dividend growth

10  
11 This formula is the basis for the standard growth valuation model that I  
12 used to determine BMSC's cost of equity capital.

13  
14 Q. In determining the rate of future dividend growth for BMSC, what  
15 assumptions did you make?

16 A. There are two primary assumptions regarding dividend growth that must  
17 be made when using the DCF method. First, dividends will grow by a  
18 constant rate into perpetuity, and second, the dividend payout ratio will  
19 remain at a constant rate. Both of these assumptions are predicated on  
20 the traditional DCF model's basic underlying assumption that a company's



earnings, dividends, book value and share growth all increase at the same constant rate of growth into infinity. Given these assumptions, if the dividend payout ratio remains constant, so does the earnings retention ratio (the percentage of earnings that are retained by the company as opposed to being paid out in dividends). This being the case, a company's dividend growth can be measured by multiplying its retention ratio (1 - dividend payout ratio) by its book return on equity. This can be stated as  $g = b \times r$ .

Q. Would you please provide an example that will illustrate the relationship that earnings, the dividend payout ratio and book value have with dividend growth?

A. RUCO consultant Stephen Hill illustrated this relationship in a Citizens Utilities Company 1993 rate case by using a hypothetical utility.<sup>1</sup>

Table I

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Growth</u>
Book Value	\$10.00	\$10.40	\$10.82	\$11.25	\$11.70	4.00%
Equity Return	10%	10%	10%	10%	10%	N/A
Earnings/Sh.	\$1.00	\$1.04	\$1.082	\$1.125	\$1.170	4.00%
Payout Ratio	0.60	0.60	0.60	0.60	0.60	N/A
Dividend/Sh	\$0.60	\$0.624	\$0.649	\$0.675	\$0.702	4.00%

<sup>1</sup> Citizens Utilities Company, Arizona Gas Division, Docket No. E-1032-93-111, Prepared Testimony, dated December 10, 1993, p. 25.



1 Table I of Mr. Hill's illustration presents data for a five-year period on his  
2 hypothetical utility. In Year 1, the utility had a common equity or book  
3 value of \$10.00 per share, an investor-expected equity return of ten  
4 percent, and a dividend payout ratio of sixty percent. This results in  
5 earnings per share of \$1.00 (\$10.00 book value x 10 percent equity return)  
6 and a dividend of \$0.60 (\$1.00 earnings/sh. x 0.60 payout ratio) during  
7 Year 1. Because forty percent (1 - 0.60 payout ratio) of the utility's  
8 earnings are retained as opposed to being paid out to investors, book  
9 value increases to \$10.40 in Year 2 of Mr. Hill's illustration. Table I  
10 presents the results of this continuing scenario over the remaining five-  
11 year period.

12 The results displayed in Table I demonstrate that under "steady-state" (i.e.  
13 constant) conditions, book value, earnings and dividends all grow at the  
14 same constant rate. The table further illustrates that the dividend growth  
15 rate, as discussed earlier, is a function of (1) the internally generated  
16 funds or earnings that are retained by a company to become new equity,  
17 and (2) the return that an investor earns on that new equity. The DCF  
18 dividend growth rate, expressed as  $g = b \times r$ , is also referred to as the  
19 internal or sustainable growth rate.

20  
21  
22 ...  
23



Q. If earnings and dividends both grow at the same rate as book value, shouldn't that rate be the sole factor in determining the DCF growth rate?

A. No. Possible changes in the expected rate of return on either common equity or the dividend payout ratio make earnings and dividend growth by themselves unreliable. This can be seen in the continuation of Mr. Hill's illustration on a hypothetical utility.

Table II

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Growth</u>
Book Value	\$10.00	\$10.40	\$10.82	\$11.47	\$12.158	5.00%
Equity Return	10%	10%	15%	15%	15%	10.67%
Earnings/Sh	\$1.00	\$1.04	\$1.623	\$1.720	\$1.824	16.20%
Payout Ratio	0.60	0.60	0.60	0.60	0.60	N/A
Dividend/Sh	\$0.60	\$0.624	\$0.974	\$1.032	\$1.094	16.20%

In the example displayed in Table II, a sustainable growth rate of four percent<sup>2</sup> exists in Year 1 and Year 2 (as in the prior example). In Year 3, Year 4 and Year 5, however, the sustainable growth rate increases to six percent.<sup>3</sup> If the hypothetical utility in Mr. Hill's illustration were expected to earn a fifteen-percent return on common equity on a continuing basis, then a six percent long-term rate of growth would be reasonable. However, the compound growth rate for earnings and dividends, displayed

<sup>2</sup>  $[(\text{Year 2 Earnings/Sh} - \text{Year 1 Earnings/Sh}) \div \text{Year 1 Earnings/Sh}] = [(\$1.04 - \$1.00) \div \$1.00] = [\$0.04 \div \$1.00] = \underline{4.00\%}$

<sup>3</sup>  $[(1 - \text{Payout Ratio}) \times \text{Rate of Return}] = [(1 - 0.60) \times 15.00\%] = 0.40 \times 15.00\% = \underline{6.00\%}$



1 in the last column, is 16.20 percent. If this rate was to be used in the  
2 DCF model, the utility's return on common equity would be expected to  
3 increase by fifty percent every five years,  $[(15 \text{ percent} \div 10 \text{ percent}) - 1]$ .  
4 This is clearly an unrealistic expectation.

5 Although it is not illustrated in Mr. Hill's hypothetical example, a change in  
6 only the dividend payout ratio will eventually result in a utility paying out  
7 more in dividends than it earns. While it is not uncommon for a utility in  
8 the real world to have a dividend payout ratio that exceeds one hundred  
9 percent on occasion, it would be unrealistic to expect the practice to  
10 continue over a sustained long-term period of time.

11  
12 Q. Other than the retention of internally generated funds, as illustrated in Mr.  
13 Hill's hypothetical example, are there any other sources of new equity  
14 capital that can influence an investor's growth expectations for a given  
15 company?

16 A. Yes, a company can raise new equity capital externally. The best  
17 example of external funding would be the sale of new shares of common  
18 stock. This would create additional equity for the issuer and is often the  
19 case with utilities that are either in the process of acquiring smaller  
20 systems or providing service to rapidly growing areas.

21  
22 ...  
23



1 Q. How does external equity financing influence the growth expectations held  
2 by investors?

3 A. Rational investors will put their available funds into investments that will  
4 either meet or exceed their given cost of capital (i.e. the return earned on  
5 their investment). In the case of a utility, the book value of a company's  
6 stock usually mirrors the equity portion of its rate base (the utility's earning  
7 base). Because regulators allow utilities the opportunity to earn a  
8 reasonable rate of return on rate base, an investor would take into  
9 consideration the effect that a change in book value would have on the  
10 rate of return that he or she would expect the utility to earn. If an investor  
11 believes that a utility's book value (i.e. the utility's earning base) will  
12 increase, then he or she would expect the return on the utility's common  
13 stock to increase. If this positive trend in book value continues over an  
14 extended period of time, an investor would have a reasonable expectation  
15 for sustained long-term growth.

16  
17 Q. Please provide an example of how external financing affects a utility's  
18 book value of equity.

19 A. As I explained earlier, one way that a utility can increase its equity is by  
20 selling new shares of common stock on the open market. If these new  
21 shares are purchased at prices that are higher than those shares sold  
22 previously, the utility's book value per share will increase in value. This  
23 would increase both the earnings base of the utility and the earnings



1 expectations of investors. However, if new shares sold at a price below  
2 the pre-sale book value per share, the after-sale book value per share  
3 declines in value. If this downward trend continues over time, investors  
4 might view this as a decline in the utility's sustainable growth rate and will  
5 have lower expectations regarding growth. Using this same logic, if a new  
6 stock issue sells at a price per share that is the same as the pre-sale book  
7 value per share, there would be no impact on either the utility's earnings  
8 base or investor expectations.

9  
10 Q. Please explain how the external component of the DCF growth rate is  
11 determined.

12 A. In his book, *The Cost of Capital to a Public Utility*,<sup>4</sup> Dr. Gordon (the  
13 individual responsible for the development of the DCF or constant growth  
14 model) identified a growth rate that includes both expected internal and  
15 external financing components. The mathematical expression for Dr.  
16 Gordon's growth rate is as follows:

$$g = (br) + (sv)$$

18 where:      g      =      DCF expected growth rate,  
19                      b      =      the earnings retention ratio,  
20                      r      =      the return on common equity,  
21                      s      =      the fraction of new common stock sold that  
22    accrues to a current shareholder, and

---

<sup>4</sup> Gordon, M.J., *The Cost of Capital to a Public Utility*, East Lansing, MI: Michigan State University, 1974, pp. 30-33.



v = funds raised from the sale of stock as a fraction  
of existing equity.

$$3 \quad \text{and} \quad v = 1 - [(BV) \div (MP)]$$

4 where: BV = book value per share of common stock, and

5 MP = the market price per share of common stock.

7 Q. Did you include the effect of external equity financing on long-term growth  
8 rate expectations in your analysis of expected dividend growth for the DCF  
9 model?

10 A. Yes. The external growth rate estimate (sv) is displayed on Page 1 of  
11 Schedule WAR-4, where it is added to the internal growth rate estimate  
12 (br) to arrive at a final sustainable growth rate estimate.

14 Q. Please explain why your calculation of external growth on page 2 of  
15 Schedule WAR-4, is the current market-to-book ratio averaged with 1.0 in  
16 the equation  $[(M \div B) + 1] \div 2$ .

A. The market price of a utility's common stock will tend to move toward book value, or a market-to-book ratio of 1.0, if regulators allow a rate of return that is equal to the cost of capital (one of the desired effects of regulation). As a result of this situation, I used  $[(M \div B) + 1] \div 2$  as opposed to the current market-to-book ratio by itself to represent investor's expectations that, in the future, a given utility will achieve a market-to-book ratio of 1.0.



1 Q. Has the Commission ever adopted a cost of capital estimate that included  
2 this assumption?

3 A. Yes. In a prior Southwest Gas Corporation rate case<sup>5</sup>, the Commission  
4 adopted the recommendations of ACC Staff's cost of capital witness,  
5 Stephen Hill, who I noted earlier in my testimony. In that case, Mr. Hill  
6 used the same methods that I have used in arriving at the inputs for the  
7 DCF model. His final recommendation for Southwest Gas Corporation  
8 was largely based on the results of his DCF analysis, which incorporated  
9 the same valid market-to-book ratio assumption that I have used  
10 consistently in the DCF model as a cost of capital witness for RUCO.

11

12 Q. How did you develop your dividend growth rate estimate?

13 A. I analyzed data on two separate proxy groups. A water company proxy  
14 group comprised of three publicly traded water companies and a natural  
15 gas proxy group consisting of ten natural gas local distribution companies  
16 ("LDC") that have similar operating characteristics to water providers.

17

18 Q. Why did you use a proxy group methodology as opposed to a direct  
19 analysis of BMSC?

20 A. One of the problems in performing this type of analysis is that the utility  
21 applying for a rate increase is not always a publicly traded company, as is  
22 the case with BMSC itself. Consequently it was necessary to create a

---

<sup>5</sup> Decision No. 68487, Dated February 23, 2006 (Docket No. G-01551A-04-0876)



1 proxy by analyzing publicly traded water companies and LDC's with  
2 similar risk characteristics.

3

4 Q. In determining your dividend growth rate estimates, both you and the  
5 Company's witness analyzed the data on publicly traded water utilities.  
6 Why did you and the Company witness analyze only publicly traded water  
7 utilities as opposed to firms that provide wastewater service?

8 A. The use of water utilities was necessitated by the fact that there is a lack  
9 of financial and market information available on stand-alone wastewater  
10 utilities. This in itself is not a problem, given the fact that both water and  
11 wastewater utilities share similar risk characteristics. Both types of utilities  
12 provide a basic service for which there are no substitutes and are also  
13 subject to strict federal and state regulations.

14

15 Q. Are there any other advantages to the use of a proxy?

16 A. Yes. As I noted earlier, the U.S. Supreme Court ruled in the Hope  
17 decision that a utility is entitled to earn a rate of return that is  
18 commensurate with the returns on investments of other firms with  
19 comparable risk. The proxy technique that I have used derives that rate of  
20 return. One other advantage to using a sample of companies is that it  
21 reduces the possible impact that any undetected biases, anomalies, or  
22 measurement errors may have on the DCF growth estimate.

23



1 Q. What criteria did you use in selecting the companies that make up your  
2 water company proxy for BMSC?

3 A. The three water companies used in the proxy are publicly traded on the  
4 New York Stock Exchange ("NYSE"). All three water companies are  
5 followed by The Value Line Investment Survey ("Value Line") and are the  
6 same companies that comprise Value Line's large capitalization Water  
7 Utility Industry segment of the U.S. economy (Attachment A contains  
8 Value Line's July 24, 2009 update of the water utility industry and  
9 evaluations of the water companies used in my proxy).

10  
11 Q. Are these the same water utilities that you have used in prior rate case  
12 proceedings?

13 A. Yes. However, in prior proceedings I have also included a fourth water  
14 provider known as Southwest Water Company which is traded over the  
15 counter through the National Association of Securities Dealers Automated  
16 Quotation System ("NASDAQ").

17  
18 Q. Why did you exclude Southwest Water Company from your sample in this  
19 proceeding?

20 A. Value Line has suspended its long-term projections on Southwest Water  
21 Company as a result of accounting errors that were recently discovered by  
22 Southwest Water Company's management. The lack of projected data



1       made Southwest Water Company unsuitable for my sample group of  
2       water providers.

3  
4   Q.   Please describe the companies that comprise your water company proxy  
5       group.

6   A.   My water company proxy group includes American States Water Co.  
7       (stock ticker symbol "AWR"), California Water Service Group ("CWT") and  
8       Aqua America, Inc. ("WTR"). Each of these water companies face the  
9       same types of risk that BMSC faces. For the sake of brevity, I will refer to  
10      each of these companies by their appropriate stock ticker symbols  
11      henceforth.

12  
13   Q.   Briefly describe the areas served by the companies in your water  
14       company sample proxy.

15   A.   In addition to providing water service to residents of Fountain Hills,  
16       Arizona through its wholly owned subsidiary Chaparral City Water  
17       Company, AWR also serves communities located in Los Angeles, Orange  
18       and San Bernardino counties in California. CWT provides service to  
19       customers in seventy-five communities in California, New Mexico and  
20       Washington. CWT's principal service areas are located in the San  
21       Francisco Bay area, the Sacramento, Salinas and San Joaquin Valleys  
22       and parts of Los Angeles. WTR is a holding company for a large number  
23       of water and wastewater utilities operating in nine different states including



1           Pennsylvania, Ohio, New Jersey, Illinois, Maine, North Carolina, Texas,  
2           Florida and Kentucky.

3  
4       Q.     Are these the same water companies that BMSC used in its application?

5       A.     BMSC's cost of equity witness, Mr. Thomas J. Bourassa, used the same  
6           water companies included in my proxy. Mr. Bourassa also used three  
7           other water companies in his cost of capital analysis<sup>6</sup> which are included in  
8           Value Line's Small and Mid Cap Edition.

9  
10      Q.     Why did you exclude the water companies that are followed in Value  
11           Line's Small and Mid Cap Edition?

12     A.     Value Line does not provide the same type of forward-looking information  
13           (i.e. long-term estimates on return on common equity and share growth)  
14           on small and mid-cap companies that it provides on the three water  
15           companies that I used in my proxy. Consequently, as in the case of  
16           Southwest Water Company, these water providers are not as suitable as  
17           the ones that I have used in my analysis.

18  
19     Q.     What criteria did you use in selecting the natural gas LDC's included in  
20           your proxy for BMSC?

21     A.     As are the water companies that I just described, each of the natural gas  
22           LDC's used in the proxy are publicly traded on a major stock exchange (all

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<sup>6</sup> Connecticut Water Service, Inc., Middlesex Water Company and SJW Corp.



1 ten trade on the NYSE) and are followed by Value Line. Each of the ten  
2 LDC's in my sample are tracked in Value Line's natural gas Utility industry  
3 segment. All of the companies in the proxy are engaged in the provision  
4 of regulated natural gas distribution services. Attachment B of my  
5 testimony contains Value Line's most recent evaluation of the natural gas  
6 proxy group that I used for my cost of common equity analysis.

7  
8 Q. What companies are included your natural gas proxy?

9 A. The ten natural gas LDC's included in my proxy (and their NYSE ticker  
10 symbols) are AGL Resources, Inc. ("AGL"), Atmos Energy Corp. ("ATO"),  
11 Laclede Group, Inc. ("LG"), New Jersey Resources Corporation ("NJR"),  
12 Nicor, Inc. ("GAS"), Northwest Natural Gas Co. ("NWN"), Piedmont  
13 Natural Gas Company ("PNY"), South Jersey Industries, Inc. ("SJI")  
14 Southwest Gas Corporation ("SWX"), which is the dominant natural gas  
15 provider in Arizona, and WGL Holdings, Inc. ("WGL"). These are the  
16 same ten LDC's that I analyzed in the most recent UNS Gas, Inc.  
17 proceeding.<sup>7</sup>

18  
19 Q. Briefly describe the regions of the U.S. served by the ten natural gas  
20 LDC's that make up your sample proxy.

21 A. The ten LDC's listed above provide natural gas service to customers in the  
22 Middle Atlantic region (i.e. NJI which serves portions of northern New

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<sup>7</sup> Docket No. G-04204A-06-0463



1 Jersey, SJI which serves southern New Jersey and WGL which serves the  
2 Washington D.C. metro area), the Southeast and South Central portions  
3 of the U.S. (i.e. AGL which serves Virginia, southern Tennessee and the  
4 Atlanta, Georgia area and PNY which serves customers in North Carolina,  
5 South Carolina and Tennessee), the South, deep South and Midwest (i.e.  
6 ATO which serves customers in Kentucky, Mississippi, Louisiana, Texas,  
7 Colorado and Kansas, GAS which provides service to northern and  
8 western Illinois, and LG which serves the St. Louis area), and the Pacific  
9 Northwest (i.e. NWN which serves Washington state and Oregon).  
10 Portions of Arizona, Nevada and California are served by SWX.

11  
12 Q. Did the Company's witness also perform a similar analysis using natural  
13 gas LDC's?

14 A. No, he did not.

15  
16 Q. Please explain your DCF growth rate calculations for the sample  
17 companies used in your proxy.

18 A. Schedule WAR-5 provides retention ratios, returns on book equity, internal  
19 growth rates, book values per share, numbers of shares outstanding, and  
20 the compounded share growth for each of the utilities included in the  
21 sample for the historical observation period 2004 to 2008 for both the  
22 water and LDC industries. Schedule WAR-5 also includes Value Line's  
23 projected 2009, 2010 and 2012-14 values for the retention ratio, equity



1 return, book value per share growth rate, and number of shares  
2 outstanding for both the water utilities and the LDC's.

3

4 Q. Please describe how you used the information displayed in Schedule  
5 WAR-5 to estimate each comparable utility's dividend growth rate.

6 A. In explaining my analysis, I will use AWR as an example. The first  
7 dividend growth component that I evaluated was the internal growth rate.  
8 I used the "b x r" formula (described on pages 12 and 13) to multiply  
9 AWR's earned return on common equity by its earnings retention ratio for  
10 each year in the 2004 to 2008 observation period to derive the utility's  
11 annual internal growth rates. I used the mean average of this five-year  
12 period as a benchmark against which I compared the projected growth  
13 rate trends provided by Value Line. Because an investor is more likely to  
14 be influenced by recent growth trends, as opposed to historical averages,  
15 the five-year mean noted earlier was used only as a benchmark figure. As  
16 shown on Schedule WAR-5, Page 1, AWR's average internal growth rate  
17 of 2.62 percent over the 2004 to 2008 time frame reflects an up and down  
18 pattern of growth that ranged from a low of 1.01 percent in 2004 to a high  
19 of 3.79 percent during 2007. Value Line is predicting that growth will  
20 increase steadily from 3.05 percent in 2008, to 6.09 percent by the end of  
21 the 2012-14 time frame. After weighing Value Line's projections for  
22 internal growth, stable outlook for earnings per share, no change in growth  
23 for dividends per share and a lower estimate for book value per share



1 growth, I believe that a 6.15% rate of internal growth is reasonable for  
2 AWR. (Schedule WAR-4, Page 1 of 2).  
3

4 Q. Please continue with the external growth rate component portion of your  
5 analysis.

6 A. Schedule WAR-5 demonstrates that the pattern of shares outstanding for  
7 AWR increased from 16.75 million to 17.30 million from 2004 to 2008.  
8 Value Line is predicting that this level will increase from 18.50 million in  
9 2009 to 20.00 million by the end of 2014. Based on this data, I believe  
10 that a 4.75 percent growth in shares is not unreasonable for AWR (Page 2  
11 of Schedule WAR-4). My final dividend growth rate estimate for AWR is  
12 8.18 percent (6.15 percent internal + 2.03 percent external) and is shown  
13 on Page 1 of Schedule WAR-4.  
14

15 Q. What is your average DCF dividend growth rate estimate for your sample  
16 of water utilities?

17 A. My average DCF dividend growth rate estimate for my water company  
18 sample is 6.79 percent as displayed on page 1 of Schedule WAR-4.  
19

20 Q. Did you use the same approach to determine an average dividend growth  
21 rate for the proxy comprised of natural gas LDC's?

22 A. Yes.  
23



1 Q. What is your average DCF dividend growth rate estimate for the sample  
2 natural gas utilities?

3 A. My average DCF dividend growth rate estimate is 6.45 percent, which is  
4 also displayed on page 1 of Schedule WAR-4.  
5

6 Q. How does your average dividend growth rate estimates on water  
7 companies compare to the growth rate data published by Value Line and  
8 other analysts?

9 A. Schedule WAR-6 compares my sustainable growth estimates with the  
10 five-year projections of analysts at both Zacks Investment Research, Inc.  
11 ("Zacks") (Attachment C) and Value Line. In the case of the water  
12 companies, my 6.79 percent estimate falls between Zacks' average long-  
13 term EPS projection of 7.57 percent and Value Line's growth projection of  
14 5.58 percent (which is an average of EPS, DPS and BVPS). My 6.79  
15 percent estimate is 94 basis points higher than the 5.85 percent average  
16 of Value Line's historical and projected data averaged with the consensus  
17 opinions published by Zacks. My 6.79 percent growth estimate is also  
18 123 basis points higher than Value Line's 5.56 percent 5-year compound  
19 historical average of EPS, DPS and BVPS. The estimates of analysts at  
20 Value Line indicate that investors are expecting somewhat lower  
21 performance from the water utility industry in the future given their 6.50  
22 percent to 7.00 percent book return on common equity over the 2009 to  
23 2014 period. On balance, I would say my 6.79 percent estimate is a good



1 representation of the growth projections that are available to the investing  
2 public.

3  
4 Q. How do your average dividend growth rate estimates on natural gas LDC's  
5 compare to the growth rate data published by Value Line and other  
6 analysts?

7 A. In regard to the natural gas LDC's, my 6.45 percent estimate is higher  
8 than the average 5.68 percent long-term EPS consensus projections  
9 published by Zacks, and the 4.38 percent Value Line projected estimate  
10 (which is an average of EPS, DPS and BVPS). As can also be seen on  
11 Schedule WAR-6, the 6.45 percent estimate that I have calculated is 68  
12 basis points higher than the 5.77 percent average of the 5-year historic  
13 EPS, DPS and BVPS means of Value Line and 109 basis points higher  
14 than the 5.36 percent five-year compound historical average of Value Line  
15 data (on EPS, DPS and BVPS). In fact, my 6.45 percent estimate is 131  
16 basis points higher than the combined 5.14 percent Value Line and Zacks  
17 averages displayed in Schedule WAR-6. In the case of the LDC's I would  
18 say that my 6.45 percent estimate, which is higher than both Zack's and  
19 Value Line's forecasts, is a fairly optimistic representation of the growth  
20 projections presented by securities analysts at this point in time.



1 Q. How did you calculate the dividend yields displayed in Schedule WAR-3?

2 A. For both the water companies and the natural gas LDC's I used the  
3 estimated annual dividends, for the next twelve-month period, that  
4 appeared in Value Line's July 24, 2009 Ratings and Reports water utility  
5 industry update and Value Line's September 11, 2009 Ratings and  
6 Reports natural gas utility update. I then divided those figures by the  
7 eight-week average closing price per share of the appropriate utility's  
8 common stock. The eight-week average price is based on the daily  
9 adjusted closing stock prices for each of the companies in my proxies for  
10 the period July 13, 2009 to September 4, 2009.

11

12 Q. Based on the results of your DCF analysis, what is your cost of equity  
13 capital estimate for the water and natural gas utilities included in your  
14 sample?

15 A. As shown on Schedule WAR-2, the cost of equity capital derived from my  
16 DCF analysis is 9.84 percent for the water utilities and 10.73 percent for  
17 the natural gas LDC's.

18

19

20

21

22

23



**Capital Asset Pricing Model (CAPM) Method**

Q. Please explain the theory behind CAPM and why you decided to use it as an equity capital valuation method in this proceeding.

A. CAPM is a mathematical tool that was developed during the early 1960's by William F. Sharpe<sup>8</sup>, the Timken Professor Emeritus of Finance at Stanford University, who shared the 1990 Nobel Prize in Economics for research that eventually resulted in the CAPM model. CAPM is used to analyze the relationships between rates of return on various assets and risk as measured by beta.<sup>9</sup> In this regard, CAPM can help an investor to determine how much risk is associated with a given investment so that he or she can decide if that investment meets their individual preferences. Finance theory has always held that as the risk associated with a given investment increases, so should the expected rate of return on that investment and vice versa. According to CAPM theory, risk can be classified into two specific forms: nonsystematic or diversifiable risk, and systematic or non-diversifiable risk. While nonsystematic risk can be virtually eliminated through diversification (i.e. by including stocks of various companies in various industries in a portfolio of securities), systematic risk, on the other hand, cannot be eliminated by diversification.

---

<sup>8</sup> William F. Sharpe, "A Simplified Model of Portfolio Analysis," Management Science, Vol. 9, No. 2 (January 1963), pp. 277-93.

<sup>9</sup> Beta is defined as an index of volatility, or risk, in the return of an asset relative to the return of a market portfolio of assets. It is a measure of systematic or non-diversifiable risk. The returns on a stock with a beta of 1.0 will mirror the returns of the overall stock market. The returns on stocks with betas greater than 1.0 are more volatile or riskier than those of the overall stock market; and if a stock's beta is less than 1.0, its returns are less volatile or riskier than the overall stock market.



1 Thus, systematic risk is the only risk of importance to investors. Simply  
2 stated, the underlying theory behind CAPM states that the expected return  
3 on a given investment is the sum of a risk-free rate of return plus a market  
4 risk premium that is proportional to the systematic (non-diversifiable risk)  
5 associated with that investment. In mathematical terms, the formula is as  
6 follows:

$$k = r_f + [ \beta ( r_m - r_f ) ]$$

7  
8  
9 where:  $k$  = the expected return of a given security,  
10  $r_f$  = risk-free rate of return,  
11  $\beta$  = beta coefficient, a statistical measurement of a  
12 security's systematic risk,  
13  $r_m$  = average market return (e.g. S&P 500), and  
14  $r_m - r_f$  = market risk premium.  
15

16 Q. What types of financial instruments are generally used as a proxy for the  
17 risk-free rate of return in the CAPM model?

18 A. Generally speaking, the yields of U.S. Treasury instruments are used by  
19 analysts as a proxy for the risk-free rate of return component.  
20  
21

22 ...  
23



1 Q. Please explain why U.S. Treasury instruments are regarded as a suitable  
2 proxy for the risk-free rate of return?

3 A. As citizens and investors, we would like to believe that U.S. Treasury  
4 securities (which are backed by the full faith and credit of the United  
5 States Government) pose no threat of default no matter what their maturity  
6 dates are. However, a comparison of various Treasury instruments will  
7 reveal that those with longer maturity dates do have slightly higher yields.  
8 Treasury yields are comprised of two separate components,<sup>10</sup> a real rate  
9 of interest (believed to be approximately 2.00 percent) and an inflationary  
10 expectation. When the real rate of interest is subtracted from the total  
11 treasury yield, all that remains is the inflationary expectation. Because  
12 increased inflation represents a potential capital loss, or risk, to investors,  
13 a higher inflationary expectation by itself represents a degree of risk to an  
14 investor. Another way of looking at this is from an opportunity cost  
15 standpoint. When an investor locks up funds in long-term T-Bonds,  
16 compensation must be provided for future investment opportunities  
17 foregone. This is often described as maturity or interest rate risk and it  
18 can affect an investor adversely if market rates increase before the  
19 instrument matures (a rise in interest rates would decrease the value of  
20 the debt instrument). As discussed earlier in the DCF portion of my

---

<sup>10</sup> As a general rule of thumb, there are three components that make up a given interest rate or rate of return on a security: the real rate of interest, an inflationary expectation, and a risk premium. The approximate risk premium of a given security can be determined by simply subtracting a 91-day T-Bill rate from the yield on the security.



1 testimony, this compensation translates into higher rates of returns to the  
2 investor.

3

4 Q. What security did you use for a risk-free rate of return in your CAPM  
5 analysis?

6 A. I used an eight-week average of the yield on a 5-year U.S. Treasury  
7 instrument. The yields were published in Value Line's Selection and  
8 Opinion publication dated July 17, 2009 through September 11, 2009  
9 (Attachment D). This resulted in a risk-free ( $r_f$ ) rate of return of 2.51  
10 percent.

11

12 Q. Why did you use the yield on a 5-year year U.S. Treasury instrument as  
13 opposed to a short-term T-Bill?

14 A. While a shorter term instrument, such as a 91-day T-Bill, presents the  
15 lowest possible total risk to an investor, a good argument can be made  
16 that the yield on an instrument that matches the investment period of the  
17 asset being analyzed in the CAPM model should be used as the risk-free  
18 rate of return. Since utilities in Arizona generally file for rates every three  
19 to five years, the yield on a 5-year U.S. Treasury Instrument closely  
20 matches the investment period or, in the case of regulated utilities, the  
21 period that new rates will be in effect.

22

23



1 Q. How did you calculate the market risk premium used in your CAPM  
2 analysis?

3 A. I used both a geometric and an arithmetic mean of the historical total  
4 returns on the S&P 500 index from 1926 to 2008 as the proxy for the  
5 market rate of return ( $r_m$ ). For the risk-free portion of the risk premium  
6 component ( $r_f$ ), I used the geometric mean of the total returns of  
7 intermediate-term government bonds for the same eighty-two year period.  
8 The market risk premium ( $r_m - r_f$ ) that results by using the geometric mean  
9 of these inputs is 4.20 percent ( $9.60\% - 5.40\% = \underline{4.20\%}$ ). The market risk  
10 premium that results by using the arithmetic mean calculation is 6.10  
11 percent ( $11.70\% - 5.60\% = \underline{6.10\%}$ ).  
12

13 Q. How did you select the beta coefficients that were used in your CAPM  
14 analysis?

15 A. The beta coefficients ( $\beta$ ), for the individual utilities used in both my  
16 proxies, were calculated by Value Line and were current as of July 24,  
17 2009 for the water companies and September 11, 2009 for the natural gas  
18 LDC's. Value Line calculates its betas by using a regression analysis  
19 between weekly percentage changes in the market price of the security  
20 being analyzed and weekly percentage changes in the NYSE Composite  
21 Index over a five-year period. The betas are then adjusted by Value Line  
22 for their long-term tendency to converge toward 1.00. The beta  
23 coefficients for the service providers included in my water company



sample ranged from 0.65 to 0.80 with an average beta of 0.75. The beta coefficients for the LDC's included in my natural gas sample ranged from 0.60 to 0.75 with an average beta of 0.67.

Q. What are the results of your CAPM analysis?

A. As shown on pages 1 and 2 of Schedule WAR-7, my CAPM calculation using a geometric mean to calculate the risk premium results in an average expected return of 5.66 percent for the water companies and 5.30 percent for the natural gas LDC's. My calculation using an arithmetic mean results in an average expected return of 7.08 percent for the water companies and 6.56 percent for the natural gas LDC's.

Q. Please summarize the results derived under each of the methodologies presented in your testimony.

A. The following is a summary of the cost of equity capital derived under each methodology used:

<u>METHOD</u>	<u>RESULTS</u>
DCF (Water Sample)	9.84%
DCF (Natural Gas Sample)	10.73%
CAPM (Water Sample)	5.66% – 7.08%
CAPM (Natural Gas)	5.30% – 6.56%



1       Based on these results, my best estimate of an appropriate range for a  
2       cost of common equity for BMSC is 5.30 percent to 10.73 percent. My  
3       final recommended cost of common equity figure is 8.22 percent.

4

5   Q    How did you arrive at your final recommended 8.22 percent cost of  
6       common equity?

7   A.   My recommended 8.22 percent cost of common equity is the mean  
8       average of my DCF and CAPM results. The calculation of my 8.22  
9       percent cost of common equity can be seen on Schedule WAR-1, Page 2  
10      of 2.

11

12   Q.   How does the Company's capital structure compare with the capital  
13       structures of the water and gas utilities that comprise your samples?

14   A.   The Company's capital structure, comprised of 100 percent equity capital  
15       is clearly out of line with the water and gas utilities in my samples. For this  
16       reason I am recommending that the Commission adopt a hypothetical  
17       capital structure – which I will discuss later in my testimony – that is more  
18       in line with industry averages.

19

20

21

22

23



1 Q. Did you make any direct adjustment to your recommended cost of  
2 common equity that takes into consideration the higher level of equity  
3 contained in BMSC's capital structure?

4 A. No. There was no need to make a direct adjustment since my  
5 recommended hypothetical capital structure takes the Company's high  
6 level of equity into consideration.

7  
8 Q. How does your recommended cost of equity capital compare with the cost  
9 of equity capital proposed by the Company?

10 A. The 12.80 percent cost of equity capital proposed by the Company is 458  
11 basis points higher than the 8.22 percent OCRB cost of equity capital that  
12 I am recommending.

13

14 **Current Economic Environment**

15 Q. Please explain why it is necessary to consider the current economic  
16 environment when performing a cost of equity capital analysis for a  
17 regulated utility.

18 A. Consideration of the economic environment is necessary because trends  
19 in interest rates, present and projected levels of inflation, and the overall  
20 state of the U.S. economy determine the rates of return that investors earn  
21 on their invested funds. Each of these factors represent potential risks  
22 that must be weighed when estimating the cost of equity capital for a



1 regulated utility and are, most often, the same factors considered by  
2 individuals who are also investing in non-regulated entities.  
3

4 Q. Please discuss your analysis of the current economic environment.

5 A. My analysis includes a brief review of the economic events that have  
6 occurred since 1990. Schedule WAR-8 displays various economic  
7 indicators and other data that I will refer to during this portion of my  
8 testimony.

9 In 1991, as measured by the most recently revised annual change in  
10 gross domestic product ("GDP"), the U.S. economy experienced a rate of  
11 growth of negative 0.20 percent. This decline in GDP marked the  
12 beginning of a mild recession that ended sometime before the end of the  
13 first half of 1992. Reacting to this situation, the Federal Reserve Board  
14 ("Federal Reserve" or "Fed"), then chaired by noted economist Alan  
15 Greenspan, lowered its benchmark federal funds rate<sup>11</sup> in an effort to  
16 further loosen monetary constraints - an action that resulted in lower  
17 interest rates.

18  
19 During this same period, the nation's major money center banks followed  
20 the Federal Reserve's lead and began lowering their interest rates as well.

---

<sup>11</sup> This is the interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. The federal funds rate is the most sensitive indicator of the direction of interest rates, since it is set daily by the market, unlike the prime rate and the discount rate, which are periodically changed by banks and by the Federal Reserve Board, respectively.



1 By the end of the fourth quarter of 1993, the prime rate (the rate charged  
2 by banks to their best customers) had dropped to 6.00 percent from a  
3 1990 level of 10.01 percent. In addition, the Federal Reserve's discount  
4 rate on loans to its member banks had fallen to 3.00 percent and short-  
5 term interest rates had declined to levels that had not been seen since  
6 1972.

7  
8 Although GDP increased in 1992 and 1993, the Federal Reserve took  
9 steps to increase interest rates beginning in February of 1994, in order to  
10 keep inflation under control. By the end of 1995, the Federal discount rate  
11 had risen to 5.21 percent. Once again, the banking community followed  
12 the Federal Reserve's moves. The Fed's strategy, during this period, was  
13 to engineer a "soft landing." That is to say that the Federal Reserve  
14 wanted to foster a situation in which economic growth would be stabilized  
15 without incurring either a prolonged recession or runaway inflation.

16  
17 Q. Did the Federal Reserve achieve its goals during this period?

18 A. Yes. The Fed's strategy of decreasing interest rates to stimulate the  
19 economy worked. The annual change in GDP began an upward trend in  
20 1992. A change of 4.50 percent and 4.20 percent were recorded at the  
21 end of 1997 and 1998 respectively. Based on daily reports that were  
22 presented in the mainstream print and broadcast media during most of  
23 1999, there appeared to be little doubt among both economists and the



1 public at large that the U.S. was experiencing a period of robust economic  
2 growth highlighted by low rates of unemployment and inflation. Investors,  
3 who believed that technology stocks and Internet company start-ups (with  
4 little or no history of earnings) had high growth potential, purchased these  
5 types of issues with enthusiasm. These types of investors, who exhibited  
6 what former Chairman Greenspan described as "irrational exuberance,"  
7 pushed stock prices and market indexes to all time highs from 1997 to  
8 2000.

9  
10 Q. What has been the state of the economy since 2001?

11 A. The U.S. economy entered into a recession near the end of the first  
12 quarter of 2001. The bullish trend, which had characterized the last half of  
13 the 1990's, had already run its course sometime during the third quarter of  
14 2000. Economic data released since the beginning of 2001 had already  
15 been disappointing during the months preceding the September 11, 2001  
16 terrorist attacks on the World Trade Center and the Pentagon. Slower  
17 growth figures, rising layoffs in the high technology manufacturing sector,  
18 and falling equity prices (due to lower earnings expectations) prompted  
19 the Fed to begin cutting interest rates as it had done in the early 1990's.  
20 The now infamous terrorist attacks on New York City and Washington  
21 D.C. marked a defining point in this economic slump and prompted the  
22 Federal Reserve to continue its rate cutting actions through December  
23 2001. Prior to the 9/11 attacks, commentators, reporting in both the



1 mainstream financial press and various economic publications including  
2 Value Line, believed that the Federal Reserve was cutting rates in the  
3 hope of avoiding a recession.  
4

5 Despite several intervals during 2002 and 2003 in which the Federal Open  
6 Market Committee ("FOMC") decided not to change interest rates – moves  
7 which indicated that the worst may be over and that the recession might  
8 have bottomed out during the last quarter of 2001 – a lackluster economy  
9 persisted. The continuing economic malaise and even fears of possible  
10 deflation prompted the FOMC to make a thirteenth rate cut on June 25,  
11 2003. The quarter point cut reduced the federal funds rate to 1.00  
12 percent, the lowest level in forty-five years.  
13

14 Even though some signs of economic strength, mainly attributed to  
15 consumer spending, began to crop up during the latter part of 2002 and  
16 into 2003, Chairman Greenspan appeared to be concerned with sharp  
17 declines in capital spending in the business sector.  
18

19 During the latter part of 2003, the FOMC went on record as saying that it  
20 intended to leave interest rates low "for a considerable period." After its  
21 two-day meeting that ended on January 28, 2004, the FOMC announced  
22 "that with inflation 'quite low' and plenty of excess capacity in the



1 economy, policy-makers 'can be patient in removing its policy  
2 accommodation.'<sup>12</sup>  
3

4 Q. What actions has the Federal Reserve taken in terms of interest rates  
5 since the beginning of 2001?

6 A. As noted earlier, from January 2001 to June 2003 the Federal Reserve cut  
7 interest rates a total of thirteen times. During this period, the federal funds  
8 rate fell from 6.50 percent to 1.00 percent. The FOMC reversed this trend  
9 on June 29, 2004 and raised the federal funds rate 25 basis points to 1.25  
10 percent. From June 29, 2004 to January 31, 2006, the FOMC raised the  
11 federal funds rate thirteen more times to a level of 4.50 percent.

12 The FOMC's January 31, 2006 meeting marked the final appearance of  
13 Alan Greenspan, who had presided over the rate setting body for a total of  
14 eighteen years. On that same day, Greenspan's successor, Ben  
15 Bernanke, the former chairman of the President's Council of Economic  
16 Advisers and a former Fed governor under Greenspan from 2002 to 2005,  
17 was confirmed by the U.S. Senate to be the new Federal Reserve chief.

18 As expected by Fed watchers, Chairman Bernanke picked up where his  
19 predecessor left off and increased the federal funds rate by 25 basis  
20 points during each of the next three FOMC meetings for a total of  
21 seventeen consecutive rate increases since June 2004, and raising the  
22 federal funds rate to a level of 5.25 percent. The Fed's rate increase

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<sup>12</sup> Wolk, Martin, "Fed holds interest rates steady," MSNBC, January 28, 2004.



1 campaign finally came to a halt at the FOMC meeting held on August 8,  
2 2006, when the FOMC decided not to raise rates.

3  
4 Q. What was the reaction in the financial community to the Fed's decision not  
5 to raise interest rates?

6 A. As in the past, banks followed the Fed's lead once again and held the  
7 prime rate to a level of 8.25 percent, or 300 basis points higher than the  
8 federal funds rate of 5.25 percent established on June 29, 2006.

9  
10 Q. How did analysts view the Fed's actions between January 2001 and  
11 August 2006?

12 A. According to an article that appeared in the December 2, 2004 edition of  
13 The Wall Street Journal, the FOMC's decision to begin raising rates two  
14 years ago was viewed as a move to increase rates from emergency lows  
15 in order to avoid creating an inflation problem in the future as opposed to  
16 slowing down the strengthening economy.<sup>13</sup> In other words, the Fed was  
17 trying to head off inflation *before* it became a problem. During the period  
18 following the August 8, 2006 FOMC meeting, the Fed's decisions not to  
19 raise rates were viewed as a gamble that a slower U.S. economy would  
20 help to cap growing inflationary pressures.<sup>14</sup>

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<sup>13</sup> McKinnon, John D. and Greg IP, "Fed Raises Rates by a Quarter Point," The Wall Street Journal, September 22, 2004.

<sup>14</sup> Ip, Greg, "Fed Holds Interest Rates Steady As Slowdown Outweighs Inflation," The Wall Street Journal Online Edition, August 8, 2006.



1 Q. Was the Fed attempting to engineer another "soft landing", as it did in the  
2 mid-nineties, by holding interest rates steady?

3 A. Yes, however, as pointed out in an August 2006 article in The Wall Street  
4 Journal by E.S. Browning, soft landings – like the one that the Fed  
5 managed to pull off during the 1994-95 time frame, in which a recession or  
6 a bear market were avoided – rarely happen<sup>15</sup>. Since it began increasing  
7 the federal funds rate in June 2004, the Fed had assured investors that it  
8 would increase rates at a "measured" pace. Many analysts and  
9 economists interpreted this language to mean that former Chairman  
10 Greenspan would be cautious in increasing interest rates too quickly in  
11 order to avoid what is considered to be one of the Fed's few blunders  
12 during Greenspan's tenure – a series of increases in 1994 that caught the  
13 financial markets by surprise after a long period of low rates. The rapid  
14 rise in rates contributed to the bankruptcy of Orange County, California  
15 and the Mexican peso crisis<sup>16</sup>. According to Mr. Browning, at the time that  
16 his article was published, the hope was that Chairman Bernanke would  
17 succeed in slowing the economy "just enough to prevent serious inflation,  
18 but not enough to choke off growth." In other words, "a 'Goldilocks  
19 economy,' in which growth is not too hot and not too cold."  
20

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<sup>15</sup> Browning, E.S, "Not Too Fast, Not Too Slow...", The Wall Street Journal Online Edition, August 21, 2006.

<sup>16</sup> Associated Press (AP), "Fed begins debating interest rates" USA Today, June 29, 2004.



1 Q. Was the Fed's attempt to engineer a soft landing successful during the  
2 period that followed the August 8, 2006 FOMC meeting?

3 A. It would appear so. Articles published in the mainstream financial press  
4 were generally upbeat on the economy during that period. An example of  
5 this is an article written by Nell Henderson that appeared in the January  
6 30, 2007 edition of The Washington Post. According to Ms. Henderson, "a  
7 year into [Fed Chairman] Bernanke's tenure, the [economic] picture has  
8 turned considerably brighter. Inflation is falling; unemployment is low;  
9 wages are rising; and the economy, despite continued problems in  
10 housing, is growing at a brisk clip."<sup>17</sup>

11

12 Q. What has been the state of the economy over the past two years?

13 A. Reports in the mainstream financial press during the majority of 2007  
14 reflected the view that the U.S. economy was slowing as a result of a  
15 worsening situation in the housing market and higher oil prices. The  
16 overall outlook for the economy was one of only moderate growth at best.  
17 Also during this period the Fed's key measure of inflation began to exceed  
18 the rate setting body's comfort level.

19

20 On August 7, 2007, the FOMC decided not to increase or decrease the  
21 federal funds rate for the ninth straight time and left its target rate

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<sup>17</sup> Henderson, Nell, "Bullish on Bernanke" The Washington Post, January 30, 2007.



1 unchanged at 5.25 percent.<sup>18</sup> At the time of the Fed's decision, analysts  
2 speculated that a rate cut over the next several months was unlikely given  
3 the Fed's concern that inflation would fail to moderate. However, during  
4 this same period, evidence of an even slower economy and a possible  
5 recession was beginning to surface. Within days of the Fed's decision to  
6 stand pat on rates, a borrowing crisis rooted in a deterioration of the  
7 market for subprime mortgages and securities linked to them, forced the  
8 Fed to inject \$24 billion in funds (raised through open market operations)  
9 into the credit markets.<sup>19</sup> By Friday, August 17, 2007, after a turbulent  
10 week on Wall Street, the Fed made the decision to lower its discount rate  
11 (i.e. the rate charged on direct loans to banks) by 50 basis points, from  
12 6.25 percent to 5.75 percent, and took steps to encourage banks to  
13 borrow from the Fed's discount window in order to provide liquidity to  
14 lenders. According to an article that appeared in the August 18, 2007  
15 edition of The Wall Street Journal,<sup>20</sup> the Fed had used all of its tools to  
16 restore normalcy to the financial markets. If the markets failed to settle  
17 down, the Fed's only weapon left was to cut the Federal Funds rate –  
18 possibly before the next FOMC meeting scheduled on September 18,  
19 2007.

<sup>18</sup> Ip, Greg, "Markets Gyrate As Fed Straddles Inflation, Growth" The Wall Street Journal, August 8, 2007

<sup>19</sup> Ip, Greg, "Fed Enters Market To Tamp Down Rate" The Wall Street Journal, August 9, 2007

<sup>20</sup> Ip, Greg, Robin Sidel and Randall Smith, "Fed Offers Banks Loans Amid Crises" The Wall Street Journal, August 9, 2007



1 Q. Did the Fed cut rates as a result of the subprime mortgage borrowing  
2 crises?

3 A. Yes. At its regularly scheduled meeting on September 18, 2007, the  
4 FOMC surprised the investment community and cut both the federal funds  
5 rate and the discount rate by 50 basis points (25 basis points more than  
6 what was anticipated). This brought the federal funds rate down to a level  
7 of 4.75 percent. The Fed's action was seen as an effort to curb the  
8 aforementioned slowdown in the economy. Over the course of the next  
9 four months, the FOMC reduced the Federal funds rate by a total 175  
10 basis points to a level of 3.00 percent – mainly as a result of concerns that  
11 the economy was slipping into a recession. This included a 75 basis point  
12 reduction that occurred one week prior to the FOMC's meeting on January  
13 29, 2008.

14  
15 Q. What actions has the Fed taken in regard to interest rates over the past  
16 year?

17 A. The Fed made two more rate cuts which included a 75 basis point  
18 reduction in the federal funds rate on March 18, 2008 and an additional 25  
19 basis point reduction on April 30, 2008. The Fed's decision to cut rates  
20 was based on its belief that the slowing economy was a greater concern  
21 than the current rate of inflation (which the majority of FOMC members



1 believed would moderate during the economic slowdown).<sup>21</sup> As a result of  
2 the Fed's actions, the federal funds rate was reduced to a level of 2.00  
3 percent. From April 30, 2008 through September 16, 2008, the Fed took  
4 no further action on its key interest rate. However, the days before and  
5 after the Fed's September 16, 2008 meeting saw longstanding Wall Street  
6 firms such as Lehman Brothers, Merrill Lynch and AIG failing as a result of  
7 their subprime holdings. By the end of the week, the Bush administration  
8 had announced plans to deal with the deteriorating financial condition  
9 which had now become a worldwide crisis. The administrations actions  
10 included former Treasury Secretary Henry Paulson's request to Congress  
11 for \$700 billion to buy distressed assets as part of a plan to halt what has  
12 been described as the worst financial crisis since the 1930's<sup>22</sup>. Amidst this  
13 turmoil, the Fed made the decision to cut the federal funds rate by another  
14 50 basis points in a coordinated move with foreign central banks on  
15 October 8, 2008. This was followed by another 50 basis point cut during  
16 the regular FOMC meeting on October 29, 2008. At the time of this  
17 writing, the federal funds target rate now stands at 0.25 percent, the result  
18 of a 75 basis point cut announced on December 16, 2008. After FOMC  
19 meetings in January, March April, June and August of 2009, the Fed  
20 elected not to make any changes in the federal funds rate, stating in

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<sup>21</sup> Ip, Greg, "Credit Worries Ease as Fed Cuts, Hints at More Relief" The Wall Street Journal, March 19, 2008

<sup>22</sup> Soloman, Deborah, Michael R. Crittenden and Damian Paletta, "U.S. Bailout Plan Calms Markets, But Struggle Looms Over Details" The Wall Street Journal, September 20, 2008



1 January that the rate would remain low "for some time."<sup>23</sup> Presently, the  
2 Fed's discount rate is at 0.50 percent, a level not seen since the 1940s.<sup>24</sup>  
3 Based on data released during the early part of December 2008, the U.S.  
4 has officially been in a recession since December of 2007.

5  
6 Q. Putting this all into perspective, how have the Fed's actions since 2000  
7 affected benchmark rates?

8 A. U.S. Treasury instruments are for the most part still at historically low  
9 levels. As can be seen on the first page of Attachment D, the previously  
10 mentioned federal discount rate (the rate charged to the Fed's member  
11 banks), has fallen to 0.50 percent from 2.25 percent in 2008.

12  
13 Q. What has been the trend in other leading interest rates over the last year?

14 A. As of May 20, 2009, the leading interest rates have all dropped from the  
15 levels that existed a year ago (Attachment D, Value Line Selection &  
16 Opinion page 3325). The prime rate has fallen from 5.00 percent a year  
17 ago to 3.25 percent. The benchmark federal funds rate, just discussed,  
18 has decreased from 2.00 percent, in September 2008, to a level of 0.00 -  
19 0.25 percent (as a result of the December 16, 2008 rate cut discussed  
20 above). The yields on all of the non-inflation protected maturities of U.S.

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<sup>23</sup> Hilsenrath, Jon and Liz Rappaport, "Fed Weighs Idea of Buying Treasuries as Focus Shifts" The Wall Street Journal, January 29, 2009

<sup>24</sup> Hilsenrath, Jon, "Fed Cuts Rates Near Zero to Battle Slump" The Wall Street Journal, December 17, 2008



1 Treasury instruments exhibited in my Attachment C have also decreased  
2 over the past year. A previous trend, described by former Chairman  
3 Greenspan as a "conundrum"<sup>25</sup>, in which long-term rates fell as short-term  
4 rates increased, thus creating a somewhat inverted yield curve that  
5 existed as late as June 2007, is completely reversed and a more  
6 traditional yield curve (one where yields increase as maturity dates  
7 lengthen) presently exists (Attachment D). The 5-year Treasury yield,  
8 used in my CAPM analysis, has fallen from 2.95 percent, in September  
9 2008, to 2.27 percent as of September 2, 2009. The 30-Year Treasury  
10 constant maturity rate also decreased from 4.32 percent over the past  
11 year to 4.12 percent. These current yields are considerably lower than  
12 corresponding yields that existed during the early nineties and at the  
13 beginning of the current decade (as can be seen on Schedule WAR-8).

14  
15 Q. What is the current outlook for the economy?

16 A. Value Line's analysts have become increasingly optimistic in their outlook  
17 on the economy as of late and had this to say in the September 11, 2009  
18 edition of Value Line's Selection and Opinion publication:

19 **There is more good news than bad news as we peer out over the**  
20 **economic landscape**, with much of the better news coming, ironically,  
21 from the still-troubled housing sector. There, sales of both new homes  
22 and existing residences have bounced off multiyear lows, helped, in part,  
23 by growing demand for foreclosed units. We are also seeing spotty  
24 gains in pricing, although much of the news on that front remains bleak.  
25 Further, consumer confidence and spending are recovering, as are  
26 factory orders, manufacturing, and automotive sales (although in this last

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<sup>25</sup> Wolk, Martin, "Greenspan wrestling with rate 'conundrum'," MSNBC, June 8, 2005



1 case the better news is explained by the success of the now-ended  
2 "cash for clunkers" program). Overall, there are enough good things  
3 going on for us to sense that the country is now transitioning itself from  
4 recession to recovery.  
5

6 Value Line's analysts went on to state

7 **That said, we think the evolving recovery will be highly selective in**  
8 **its formative stages**, with pockets of weakness being found all along  
9 the consumer and industrial fronts, as the country attempts to battle back  
10 from the worst recession in more than half a century. Such spottiness  
11 may keep the economy's prospective growth in the tepid 2%-3% range  
12 through 2010.  
13

14 Q. How are water utilities faring in the current economic environment?

15 A. Although there are some concerns regarding long-term infrastructure  
16 requirements, water utilities appear to be doing well according to Value  
17 Line analyst Andre J. Costanza. In the April 24, 2009 quarterly update on  
18 the water utility industry Mr. Costanza stated the following:

19 Not much has changed in the Water Utility Industry since our October  
20 report. Stocks here have held their ground for the most part, whereas the  
21 broader market continued to struggle with ongoing economic uncertainty.  
22 Although an improving regulatory environment has played a hand, the  
23 industry is really benefiting from the its perceived safety, stemming from  
24 the necessity of water itself as well as the steady stream of income that  
25 the stocks here generate. The group as a whole ranks near the top of the  
26 Value Line Investment Survey for Timeliness and should continue to do  
27 well over the next six to 12 months, as investors look for a place to ride  
28 out the economic turbulence that is likely to persist.  
29

30 Mr. Costanza continued to have a positive assessment of the water  
31 utility industry in the most recent Value Line update published on  
32 July 24, 2009:

33 Water Utility providers have fared pretty well of late, with increasingly  
34 favorable regulatory backing boosting revenues and driving strong  
35 bottom line advances in the first quarter. Additional improvements are  
36 likely to evolve on the regulatory front and should enable most in this  
37 space to maintain their recent earnings momentum throughout the  
38 remainder of the year.



1 Q. After weighing the economic information that you've just discussed, do you  
2 believe that the 8.22 percent cost of equity capital that you have estimated  
3 is reasonable for BMSC?

4 A. I believe that my recommended 8.22 percent cost of equity will provide  
5 BMSC with a reasonable rate of return on the Company's invested capital  
6 when economic data on interest rates (that are low by historical  
7 standards), the current situation in new housing construction, and the  
8 Fed's ability to keep inflation in check are all taken into consideration. As I  
9 noted earlier, the Hope decision determined that a utility is entitled to earn  
10 a rate of return that is commensurate with the returns it would make on  
11 other investments with comparable risk. I believe that my cost of equity  
12 analysis, which is an average of the results of both the DCF and CAPM  
13 models, has produced such a return.

14  
15 **CAPITAL STRUCTURE AND COST OF DEBT**

16 Q. Have you reviewed BMSC's testimony regarding the Company's proposed  
17 capital structure?

18 A. Yes, I have.  
19

20 Q. Please describe the Company's proposed capital structure.

21 A. The Company is proposing a capital structure comprised of 100 percent  
22 common equity.  
23



1 Q. Is BMSC's proposed capital structure in line with industry averages?

2 A. No. BMSC's capital structure is comprised entirely of equity as opposed  
3 to the capital structures of the other water companies included in my cost  
4 of capital analysis (Schedule WAR-9). The capital structures for those  
5 utilities averaged 50.4 percent for debt and 49.6 percent for equity.  
6

7 Q. In terms of risk, how does BMSC's capital structure compare to the water  
8 utilities in your sample?

9 A. The water utilities in my sample, from which I derived an estimated cost of  
10 common equity of 8.22 percent versus the Company-proposed 12.80  
11 percent, would be considered as having a higher level of financial risk (i.e.  
12 the risk associated with debt repayment) because of their higher levels of  
13 debt. The additional financial risk due to debt leverage is embedded in the  
14 cost of equities derived for those companies through the DCF analysis.  
15 Thus, the cost of equity derived in my DCF analysis is applicable to  
16 companies that are more leveraged and, theoretically speaking, riskier  
17 than a utility such as BMSC, which has no debt in its capital structure. In  
18 the case of a publicly traded company, like those included in my proxy, a  
19 company with BMSC's level of equity would be perceived as having  
20 extremely low to no financial risk and would therefore also have a lower  
21 expected return on common equity. Because of this, I believe a  
22 hypothetical capital structure that produces a lower weighted cost of  
23 common equity is warranted for BMSC.



1 Q. What capital structure are you recommending for BMSC?

2 A. I am recommending a hypothetical capital structure comprised of 60  
3 percent equity and 40 percent debt.

4

5 Q. Has the Commission addressed the issue of capital structures comprised  
6 of 100 percent common equity in prior cases?

7 A. Yes. This issue was addressed in a prior Gold Canyon Sewer Company  
8 ("Gold Canyon") case in which the Commission adopted both a  
9 hypothetical capital structure and a hypothetical cost of debt in order to  
10 remedy a capital structure comprised of 100 percent common equity (Gold  
11 Canyon is also owned by the Algonquin Fund). In Decision No. 70662,  
12 dated December 23, 2008, the Commission stated the following:

13 We agree with RUCO's hypothetical structure of 40 percent debt and 60  
14 percent equity. A capital structure comprised of 100 percent equity  
15 would be viewed as having little to no financial risk. The proposed  
16 capital structure adopted by the Commission will bring the Company's  
17 capital structure and weighted cost of capital in line with the industry  
18 average and it will result in lower rates for the customers of the system.  
19 We therefore adopt a hypothetical capital structure of 40 percent debt  
20 and 60 percent equity.

21

22 Q. Why are you recommending a higher 60 percent level of equity for BMSC,  
23 in your hypothetical capital structure, than the average 49.6 percent level  
24 of equity of your sample companies?

25 A. My hypothetical capital structure takes into account any perceived  
26 additional business risk that BMSC may face and for that reason I believe  
27 a higher level of equity is reasonable.

28



1 Q. What are you recommending as a hypothetical cost of debt?

2 A. I am recommending a hypothetical cost of debt of 6.27 percent.

3  
4 Q. How did you determine your hypothetical cost of debt?

5 A. As can be viewed on page 2 of Schedule WAR-1, my recommended 6.27  
6 percent hypothetical cost of debt is an average of the weighted costs of  
7 long-term debt of seven publicly traded water utilities followed by Value  
8 Line analysts. Three of these water utilities are the same ones that I  
9 described earlier and were used in my DCF and CAPM analyses. Three  
10 of the remaining four (Connecticut Water Service, Inc., Middlesex Water  
11 Company, and SJW Corp.) are ones that I noted earlier in my testimony  
12 that were included in the Company's proxy. The seventh water utility,  
13 York Water Company, is also followed in Value Line's Small & Mid-Cap  
14 Edition.

15  
16 Q. Why do you believe your recommended 6.27 percent hypothetical cost of  
17 debt is reasonable given the recent turbulence in the financial markets?

18 A. My recommended 6.27 percent hypothetical cost of debt is 13 basis points  
19 higher than the current yield of 6.14 percent on Baa/BBB-rated utility  
20 bonds that was reported in the September 11, 2009 Value line Selection  
21 and Opinion publication (Attachment D). In addition to this, Arizona  
22 Water Company, the second largest water provider in the state, privately  
23 placed \$35 million in bonds at a stated rate of 6.67 percent on the first day



1 of September 2008 during a period when the yield on Baa/BBB-rated  
2 utility bonds averaged 6.63 percent. Given BMSC's parent company's  
3 ability to access capital, it is reasonable to believe that Algonquin Fund  
4 can obtain debt at a cost in the A-rated to Baa/BBB-rated range of 5.45  
5 percent to 6.14 percent exhibited on the first page of my Attachment D.  
6 For the reasons stated above, I believe for the reasons stated above, I  
7 believe my recommended 6.26 percent hypothetical cost of debt is  
8 reasonable and there is no need for additional basis points.  
9

10 Q. How does your recommended 6.26 percent hypothetical cost of debt  
11 compare to the weighted costs of debt of other Arizona water providers?

12 A. In its most recent rate case before the Commission, Arizona-American  
13 Water Company, the largest investor owned water utility in the state, had a  
14 weighted cost of debt of approximately 5.50 percent. Arizona Water  
15 Company's weighted cost of debt as of the last quarter of 2008 was 6.83  
16 percent. The midpoint of these two figures is 6.17 percent which is 9  
17 basis points lower than my recommended 6.26 percent hypothetical cost  
18 of debt.  
19

20 Q. How does the Company's proposed weighted cost of capital compare with  
21 your recommendation?

22 A. As explained earlier, BMSC has proposed a weighted average cost of  
23 capital of 12.80 percent which reflects the total absence of debt financing



1 in the Company-proposed capital structure. The Company-proposed  
2 12.80 percent weighted average cost of capital is 537 basis points higher  
3 than the 7.43 percent weighted cost that I am recommending.  
4

5 Q. Please summarize why you believe that the Commission should adopt  
6 your recommended 7.43 percent weighted average cost of capital that is  
7 the result of your recommended hypothetical capital structure and  
8 hypothetical cost of debt.

9 A. I believe that the approach that I have taken in this case provides the  
10 Company with a rate of return that meets the standards established in the  
11 Hope and Bluefield cases while also providing lower rates to BMSC's  
12 customers. My recommended capital structure of 60 percent equity and  
13 40 percent debt is more favorable to the Company than the average  
14 capital structure of the water utilities in my sample. Ratepayers also  
15 benefit from my recommended weighted average cost of capital which is  
16 lower than what would have been obtained from a capital structure  
17 comprised of 100 percent common equity. In short, I believe that my  
18 analysis has produced a rate of return that is just and reasonable and  
19 should be adopted by the Commission.  
20  
21  
22  
23



**COMMENTS ON BMSC'S COST OF EQUITY CAPITAL**

**TESTIMONY**

Q. How does your recommended cost of equity capital compare with the cost of equity capital proposed by the Company?

A. The Company's cost of capital witness, Mr. Bourassa is recommending a cost of common equity of 12.80 percent. His 12.80 percent cost of equity capital is 458 basis points higher than the 8.22 percent cost of equity capital that I have calculated.

Q. What methods did Mr. Bourassa use to arrive at his cost of common equity for BMSC?

A. Mr. Bourassa used both the DCF and CAPM methods. His DCF analysis relies on two constant growth versions of the DCF model that are similar to the model that I have used. His first constant growth model relies only on earnings growth estimates for the "g" component of the model while his second constant growth model relies on sustainable growth estimates for the "g" component. Mr. Bourassa also uses a two-stage growth version of the DCF model. The results of his DCF analyses range from 8.60 percent to 14.90 percent. Mr. Bourassa's CAPM analysis uses the same model that I have used but he obtains two different results: one obtained by using an historical risk premium and the other by using a current market risk premium. His CAPM analysis produces results of 9.90 percent



1 using an historical risk premium and 19.40 percent using a current market  
2 risk premium. His average CAPM result is 14.70 percent.

3

4 Q. What are the main reasons for the difference in the results that you  
5 obtained from your DCF analysis and the results that Mr. Bourassa  
6 obtained from his DCF analysis using the constant growth model?

7 A. Mr. Bourassa conducted his analysis in November of 2008 and  
8 consequently much of the data that he used in his analysis is now dated.  
9 This can be seen in a price comparison of three of the water company  
10 stocks that we both used in our samples: The difference between the  
11 average adjusted closing stock prices used in my DCF model and spot  
12 prices used by Mr. Bourassa in his DCF models are as follows:

13

	<u>Rigsby</u>	<u>Bourassa</u>	<u>Difference</u>	
14				
15	AWR	\$34.88	\$31.32	\$3.56
16	CWT	\$37.32	\$40.47	- \$3.15
17	WTR	\$17.38	\$20.57	- \$3.19

18

19 Q. What is the main difference between your constant growth DCF results  
20 and Mr. Bourassa's first constant growth model which relied strictly on  
21 earnings growth?

22 A. In respect to Mr. Bourassa's first constant growth model, which relied  
23 strictly on earnings growth, there is only a 2 basis point difference



1        between the average dividend yields of the three water utilities that our  
2        samples have in common; his 3.03 percent to my 3.05 percent. However,  
3        there is a 160 basis point difference between his 8.39 percent average  
4        growth estimate ("g") for the three common utilities (i.e. AWR, CWT, and  
5        WTR) as opposed to my 6.79 percent estimate which also takes into  
6        account other growth estimates on dividends and book value.  
7        Subsequently Mr. Bourassa's DCF estimate, relying only on earnings  
8        growth, is 9.03 percent as opposed to my estimate of 6.79 percent which  
9        takes into account more recent data on stock prices and growth  
10       projections for earnings, dividends and book value on the three water  
11       utilities our samples have in common.

12  
13    Q.    Please explain the main difference between your constant growth DCF  
14       results and Mr. Bourassa's second constant growth model which relied on  
15       sustainable growth?

16    A.    The same 2 basis point difference between our estimated dividend yields  
17       exists in Mr. Bourassa's sustainable growth version of the constant growth  
18       model. However, his estimate for the "g" component is seriously flawed.  
19       As I noted earlier in my testimony, Value Line does not provide long-term  
20       projections on earnings, dividends and book value on the other three  
21       water utilities used by Mr. Bourassa in his sample. Consequently, Mr.  
22       Bourassa uses an unfounded 7.26 percent averaging derived from his  
23       growth estimates for AWR, CWT and WTR and applied it to the other



1           three water utilities. This has the effect of increasing his DCF model's  
2           median average estimate by 20 basis points.

3

4       Q.    Did you conduct a two-stage DCF analysis like the one conducted by Mr.  
5           Bourassa?

6       A.    No. Primarily because the growth rate component that I estimated for my  
7           single-stage model already takes into consideration both the near-term  
8           and long-term growth rate projections that Mr. Bourassa averaged in his  
9           multi-stage model. This being the case, I saw no need to conduct a  
10          separate DCF analysis.

11

12       Q.    What are the main differences between your CAPM results and Mr.  
13           Bourassa's CAPM results?

14       A.    The differences between our CAPM results is attributable to the selection  
15           of U.S. Treasury instruments used as inputs for the risk-free rate of return  
16           and the time period that has expired since Mr. Bourassa filed his direct  
17           testimony. Mr. Bourassa's average beta of 0.98 has also fallen since his  
18           testimony was filed, and his market risk premiums of 7.5 percent to 16.0  
19           percent are simply not realistic when compared with the market risk  
20           premiums, ranging from 4.20 percent to 6.10 percent, that I obtained from  
21           Morningstar's 2009 SBBI Yearbook.

22

23



1 Q. Please explain the differences in your risk free rates of return.

2 A. I relied on a 5-year treasury rate whereas Mr. Bourassa relied on an  
3 average of 5, 7, and 10-year Treasury rates in his historical risk premium  
4 CAPM Analysis, and a 30-year Treasury rate in his current market risk  
5 premium CAPM analysis. Consequently his risk free rate of return is  
6 higher due to the inclusion of longer-term Treasury yields. Mr. Bourassa's  
7 reliance on maturities that are greater than five years is unfounded when  
8 one takes into account that utilities generally file for new rates every three  
9 to five years.

10

11 Q. Have you updated Mr. Bourassa's CAPM inputs?

12 A. Yes. Based on data for the week ended September 11, 2009 (obtained in  
13 a Federal Reserve Statistical Release dated September 14, 2009), the  
14 average yield of the 5, 7 and 10-year U.S. treasury instruments, that Mr.  
15 Bourassa used as the risk free rate in his historical market risk premium  
16 CAPM model, was 2.92 percent as opposed to the average yield of 2.60  
17 percent that he relied on. The yield on the 30-year rate was 4.25 percent  
18 as opposed to the 3.70 percent rate that Mr. Bourassa used in his current  
19 market risk premium CAPM model. Although his selected Treasury yields  
20 increased since November of 2008, the average beta used in his CAPM  
21 analyses has dropped from an average of 0.98 to an average of 0.82.  
22 Holding his higher market risk premium inputs constant produces an  
23 historical market risk premium result of 9.07 percent as opposed to his



1        9.90 percent, and a current market risk premium result of 17.37 percent as  
2        opposed to his 19.40 percent. However, as I stated earlier, Mr.  
3        Bourassa's market risk premium inputs are clearly excessive and should  
4        not be given any weight.

5

6        Q.    What would Mr. Bourassa's CAPM models produce if you substituted a  
7        5.15 percent average of your market risk premiums?

8        A.    Mr. Bourassa's historical market risk premium model would produce an  
9        expected return of 7.15 percent and his current market risk premium  
10       model would produce an expected return of 8.48 percent.

11

12       Q.    How did Mr. Bourassa arrive at his final 12.80 percent cost of common  
13       equity for BMSC?

14       A.    Mr. Bourassa's final estimate of 12.80 percent is based upon his review of  
15       the results of his various DCF and CAPM models, along with  
16       consideration of other factors relevant to BMSC. He states that he  
17       believes that the 12.80 percent figure reflects BMSC's smaller size and  
18       financial risk are taken into consideration.

19

20

21       ...

22

23



1 Q. Is there any merit in the rationale used by Mr. Bourassa in regards to size  
2 and financial risk?

3 A. No. As I stated earlier in my testimony, BMSC is a wholly owned  
4 subsidiary of Algonquin Power Income Fund, a large publicly traded  
5 mutual fund that has direct access to the capital markets. In addition to  
6 this, to the best of my knowledge, the Commission has never granted a  
7 higher cost of common equity based on company size.

8  
9 Q. Does BMSC have any financial risk?

10 A. No. As a result of BMSC's prior Commission Decision, the inter-company  
11 debt related to BMSC's treatment capacity lease agreements are being  
12 fully recovered on a dollar for dollar basis as an operating expense. This  
13 is the reason that Mr. Bourassa removed it from BMSC's capital structure.  
14 Given these facts, Mr. Bourassa's rationale has no merit.

15  
16 Q. Does your silence on any of the issues, matters or findings addressed in  
17 the testimony of Mr. Bourassa or any other witness for BMSC constitute  
18 your acceptance of their positions on such issues, matters or findings?

19 A. No, it does not.

20

21 Q. Does this conclude your testimony on BMSC?

22 A. Yes, it does.

23



**Qualifications of William A. Rigsby, CRRA**

**EDUCATION:**

University of Phoenix  
Master of Business Administration, Emphasis in Accounting, 1993

Arizona State University  
College of Business  
Bachelor of Science, Finance, 1990

Mesa Community College  
Associate of Applied Science, Banking and Finance, 1986

Society of Utility and Regulatory Financial Analysts  
38th Annual Financial Forum and CRRA Examination  
Georgetown University Conference Center, Washington D.C.  
Awarded the Certified Rate of Return Analyst designation  
after successfully completing SURFA's CRRA examination.

Michigan State University  
Institute of Public Utilities  
N.A.R.U.C. Annual Regulatory Studies Program, 1997 & 1999

Florida State University  
Center for Professional Development & Public Service  
N.A.R.U.C. Annual Western Utility Rate School, 1996

**EXPERIENCE:**

Public Utilities Analyst V  
Residential Utility Consumer Office  
Phoenix, Arizona  
April 2001 – Present

Senior Rate Analyst  
Accounting & Rates - Financial Analysis Unit  
Arizona Corporation Commission, Utilities Division  
Phoenix, Arizona  
July 1999 – April 2001

Senior Rate Analyst  
Residential Utility Consumer Office  
Phoenix, Arizona  
December 1997 – July 1999

Utilities Auditor II and III  
Accounting & Rates – Revenue Requirements Analysis Unit  
Arizona Corporation Commission, Utilities Division  
Phoenix, Arizona  
October 1994 – November 1997

Tax Examiner Technician I / Revenue Auditor II  
Arizona Department of Revenue  
Transaction Privilege / Corporate Income Tax Audit Units  
Phoenix, Arizona  
July 1991 – October 1994



**RESUME OF RATE CASE AND REGULATORY PARTICIPATION**

<b><u>Utility Company</u></b>	<b><u>Docket No.</u></b>	<b><u>Type of Proceeding</u></b>
ICR Water Users Association	U-2824-94-389	Original CC&N
Rincon Water Company	U-1723-95-122	Rate Increase
Ash Fork Development Association, Inc.	E-1004-95-124	Rate Increase
Parker Lakeview Estates Homeowners Association, Inc.	U-1853-95-328	Rate Increase
Mirabell Water Company, Inc.	U-2368-95-449	Rate Increase
Bonita Creek Land and Homeowner's Association	U-2195-95-494	Rate Increase
Pineview Land & Water Company	U-1676-96-161	Rate Increase
Pineview Land & Water Company	U-1676-96-352	Financing
Montezuma Estates Property Owners Association	U-2064-96-465	Rate Increase
Houghland Water Company	U-2338-96-603 et al	Rate Increase
Sunrise Vistas Utilities Company – Water Division	U-2625-97-074	Rate Increase
Sunrise Vistas Utilities Company – Sewer Division	U-2625-97-075	Rate Increase
Holiday Enterprises, Inc. dba Holiday Water Company	U-1896-97-302	Rate Increase
Gardener Water Company	U-2373-97-499	Rate Increase
Cienega Water Company	W-2034-97-473	Rate Increase
Rincon Water Company	W-1723-97-414	Financing/Auth. To Issue Stock
Vail Water Company	W-01651A-97-0539 et al	Rate Increase
Bermuda Water Company, Inc.	W-01812A-98-0390	Rate Increase
Bella Vista Water Company	W-02465A-98-0458	Rate Increase
Pima Utility Company	SW-02199A-98-0578	Rate Increase



**RESUME OF RATE CASE AND REGULATORY PARTICIPATION (Cont.)**

<b><u>Utility Company</u></b>	<b><u>Docket No.</u></b>	<b><u>Type of Proceeding</u></b>
Pineview Water Company	W-01676A-99-0261	WIFA Financing
I.M. Water Company, Inc.	W-02191A-99-0415	Financing
Marana Water Service, Inc.	W-01493A-99-0398	WIFA Financing
Tonto Hills Utility Company	W-02483A-99-0558	WIFA Financing
New Life Trust, Inc. dba Dateland Utilities	W-03537A-99-0530	Financing
GTE California, Inc.	T-01954B-99-0511	Sale of Assets
Citizens Utilities Rural Company, Inc.	T-01846B-99-0511	Sale of Assets
MCO Properties, Inc.	W-02113A-00-0233	Reorganization
American States Water Company	W-02113A-00-0233	Reorganization
Arizona-American Water Company	W-01303A-00-0327	Financing
Arizona Electric Power Cooperative	E-01773A-00-0227	Financing
360networks (USA) Inc.	T-03777A-00-0575	Financing
Beardsley Water Company, Inc.	W-02074A-00-0482	WIFA Financing
Mirabell Water Company	W-02368A-00-0461	WIFA Financing
Rio Verde Utilities, Inc.	WS-02156A-00-0321 et al	Rate Increase/ Financing
Arizona Water Company	W-01445A-00-0749	Financing
Loma Linda Estates, Inc.	W-02211A-00-0975	Rate Increase
Arizona Water Company	W-01445A-00-0962	Rate Increase
Mountain Pass Utility Company	SW-03841A-01-0166	Financing
Picacho Sewer Company	SW-03709A-01-0165	Financing
Picacho Water Company	W-03528A-01-0169	Financing
Ridgeview Utility Company	W-03861A-01-0167	Financing
Green Valley Water Company	W-02025A-01-0559	Rate Increase
Bella Vista Water Company	W-02465A-01-0776	Rate Increase
Arizona Water Company	W-01445A-02-0619	Rate Increase



**RESUME OF RATE CASE AND REGULATORY PARTICIPATION (Cont.)**

<b><u>Utility Company</u></b>	<b><u>Docket No.</u></b>	<b><u>Type of Proceeding</u></b>
Arizona-American Water Company	W-01303A-02-0867 et al.	Rate Increase
Arizona Public Service Company	E-01345A-03-0437	Rate Increase
Rio Rico Utilities, Inc.	WS-02676A-03-0434	Rate Increase
Qwest Corporation	T-01051B-03-0454	Renewed Price Cap
Chaparral City Water Company	W-02113A-04-0616	Rate Increase
Arizona Water Company	W-01445A-04-0650	Rate Increase
Tucson Electric Power	E-01933A-04-0408	Rate Review
Southwest Gas Corporation	G-01551A-04-0876	Rate Increase
Arizona-American Water Company	W-01303A-05-0405	Rate Increase
Black Mountain Sewer Corporation	SW-02361A-05-0657	Rate Increase
Far West Water & Sewer Company	WS-03478A-05-0801	Rate Increase
Gold Canyon Sewer Company	SW-02519A-06-0015	Rate Increase
Arizona Public Service Company	E-01345A-05-0816	Rate Increase
Arizona-American Water Company	W-01303A-06-0014	Rate Increase
Arizona-American Water Company	W-01303A-05-0718	Transaction Approval
Arizona-American Water Company	W-01303A-05-0405	ACRM Filing
UNS Gas, Inc.	G-04204A-06-0463	Rate Increase
Arizona-American Water Company	W-01303A-07-0209	Rate Increase
Tucson Electric Power	E-01933A-07-0402	Rate Increase
Southwest Gas Corporation	G-01551A-07-0504	Rate Increase
Chaparral City Water Company	W-02113A-07-0551	Rate Increase
Arizona-American Water Company	W-01303A-08-0227 et al.	Rate Increase
Far West Water & Sewer Company	WS-03478A-08-0608	Interim Rate Increase
Johnson Utilities, LLC	WS-02987A-08-0180	Rate Increase
UNS Gas, Inc.	G-04204A-08-0571	Rate Increase
Arizona Water Company	W-01445A-08-0440	Rate Increase



# **ATTACHMENT A**



Water Utility providers have fared pretty well of late, with increasingly favorable regulatory backing boosting revenues and driving strong bottom-line advances in the first quarter. Additional improvements are likely to evolve on the regulatory front and should enable most in this space to maintain their recent earnings momentum throughout the remainder of the year.

Nevertheless, these stocks, although up, have lost some of their luster since our April report. Indeed, the group, as a whole, has fallen from the upper echelon of the *Value Line Investment* universe for Timeliness, as the broader market showed some glimpses of rallying, and now sports an average rank.

But it still may be an area of interest for investors. Despite the recent spurts of price momentum, the market remains extremely volatile overall. The tough macroeconomic environment creates a difficult backdrop, which ought to favor industries that are perceived as relative safe havens, a trait typically exemplified by water utilities' historically steady dividend growth.

Financing issues raise some concerns, longer-term, however, and limit the group's 3- to 5-year appeal. In fact, not a single stock in this industry stands out for 3- to 5-year appreciation potential, as rising infrastructure costs threaten to erase the bulk of future profit advances.

### A Swimmably Refreshing Backdrop

There is no way around it, water is a necessity of life. As a result, water providers are vital as well, especially since reports show that the world's fresh water supply is limited and likely to dry up sooner than many were originally anticipating.

Meanwhile, many once protagonistic state regulatory commissions have changed their stances and have become more business friendly in recent times. This is extremely important as these regulatory authorities, which were put in place to help maintain a balance of power between customers and providers and to ensure fair business practices, are responsible for reviewing and ruling on general rate requests made by utilities to help recover costs. Decisions have been more timely and favorable of late and should only get better now that some states have enacted additional mechanisms that reduce outside influences (such as weather) on usage

### INDUSTRY TIMELINESS: 45 (of 99)

rates. Such initiatives are likely to enable companies to better recover unforeseen expenses, and thus deliver steadier financial results.

### Oceans of Costs

Nevertheless, the water utilities is an increasingly capital intensive industry. Many infrastructures are outdated and will require heavy investment in order to make the necessary repairs. Greater EPA requirements only make things more difficult, as infrastructure costs are estimated at hundreds of millions of dollars over the next decade.

Cash is at a premium in this space, however, with most companies sporting highly leveraged balance sheets and nominal cash reserves. That said, debt and stock issuances have become, and are likely to remain, commonplace as providers struggle to foot the bill. Unfortunately, the increased costs associated with such financial undertakings, i.e. steeper interest rates and higher share counts, are likely to dilute share earnings growth as well as shareholder gains. Those able to raise capital may well benefit from the plethora of acquisition targets that have emerged.

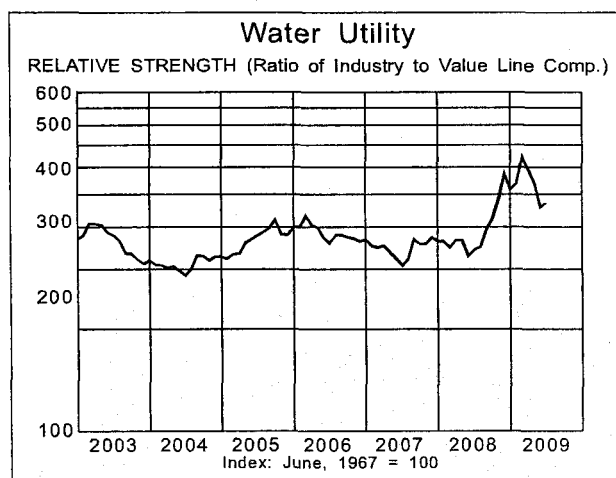
### Conclusion

Although the stocks in this group do not stand out either for the coming six to 12 months or the 3- to 5-year pull, investors with a cautious bent may want to have a closer look. Water utilities will probably be a far more stable place to be if the market remains volatile, a fair bet given the glum economic indicators that have continued to come out. The current dividend yield of *California Water Services* is particularly interesting as is the future growth prospects of *Aqua America*, whose aggressive M&A strategy may well prove current projections modest. *American Water Works* is another interesting candidate, although its short trading history and parent company's control issues should scare off the risk averse. That said, as always, we advise investors to carefully review the pages of the individual stocks before making any financial commitments.

Andre J. Costanza

Composite Statistics: Water Utility Industry									
2005	2006	2007	2008	2009	2010				12-14
1256.9	3454.1	3702.5	3915	4250	4500	Revenues (\$mill)			5425
148.2	d5.8	d183.0	420	435	475	Net Profit (\$mill)			650
40.5%	NMF	NMF	37.0%	38.0%	39.0%	Income Tax Rate			40.0%
1.1%	NMF	NMF	8.0%	10.0%	10.0%	AFUDC % to Net Profit			10.0%
50.4%	54.0%	51.0%	55.0%	53.0%	50.0%	Long-Term Debt Ratio			50.0%
49.5%	45.9%	49.0%	45.0%	47.0%	50.0%	Common Equity Ratio			50.0%
3053.8	12113.9	12985.9	13875	14600	15875	Total Capital (\$mill)			18250
4200.7	13308.3	14315.2	15350	16100	16850	Net Plant (\$mill)			19000
6.3%	1.6%	.2%	4.0%	4.0%	4.0%	Return on Total Cap'l			5.0%
9.8%	NMF	NMF	6.5%	6.5%	6.0%	Return on Shr. Equity			7.0%
9.8%	NMF	NMF	6.5%	6.5%	6.0%	Return on Com Equity			7.0%
3.7%	NMF	NMF	3.0%	3.5%	3.5%	Retained to Com Eq			4.0%
62%	NMF	NMF	65%	65%	62%	All Div'ds to Net Prof			60%
29.4	NMF	NMF				Avg Ann'l P/E Ratio			20.0
1.57	NMF	NMF				Relative P/E Ratio			1.35
2.1%	2.0%	2.3%				Avg Ann'l Div'd Yield			2.3%

Bold figures are  
Value Line  
estimates





AMER. STATES WATER NYSE-AWR				RECENT PRICE	35.93	P/E RATIO	21.1 (Trailing: 24.0 Median: 22.0)	RELATIVE P/E RATIO	1.40	DIV'D YLD	2.8%	VALUE LINE					
TIMELINESS	3	Lowered 6/5/09	High: 19.5	26.5	25.3	26.4	29.0	29.0	26.8	34.6	43.8	46.1	42.0	38.8		Target Price	Range
SAFETY	3	New 2/4/00	Low: 14.1	14.8	16.7	19.0	20.3	21.6	20.8	24.3	30.3	33.6	27.0	29.8		2012	2013
TECHNICAL	3	Raised 7/10/09	LEGENDS												2014		
BETA	.80	(1.00 = Market)	1.25 x Dividends p sh divided by Interest Rate												128		
2012-14 PROJECTIONS			..... Relative Price Strength												96		
Price	65	Gain (+80%)	3-for-2 split 6/02												80		
Low	45	18% 9%	Options: No												64		
			Shaded area: prior recession												48		
			Latest recession began 12/07												40		
			3-for-2												32		
															24		
															16		
															12		
Insider Decisions																	
A S O N D J F M A																	
to Buy 0 0 0 0 0 0 0 0																	
Options 3 0 0 0 0 0 0 0																	
to Sell 3 0 0 1 2 0 0 1																	
Institutional Decisions																	
3Q2008 4Q2008 1Q2009																	
to Buy 48 64 55																	
to Sell 54 52 66																	
Hld's(000) 9411 8980 9283																	
Percent shares traded																	

(A) Primary earnings. Excludes nonrecurring gains/(losses): '04, 14¢; '05, 25¢; '06, 6¢; '08, (27¢). Next earnings report due early Aug. May not add due to rounding.

(B) Dividends historically paid in early March, June, September, and December. ■ Div'd reinvestment plan available.  
(C) In millions, adjusted for splits.

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**BUSINESS:** American States Water Co. operates as a holding company. Through its principal subsidiary, Golden State Water Company, it supplies water to more than 250,000 customers in 75 communities in 10 counties. Service areas include the greater metropolitan areas of Los Angeles and Orange Counties. The company also provides electric utility services to nearly 23,250 customers in the city of Big Bear Lake and in areas of San Bernardino County. Acquired Chaparral City Water of Arizona (10/00). Has roughly 675 employees. Officers & directors own 2.5% of common stock (4/09 Proxy). Chairman: Lloyd Ross. President & CEO: Floyd Wicks. Inc. CA. Addr.: 630 East Foothill Boulevard, San Dimas, CA 91773. Tele.: 909-394-3600. Internet: www.aswater.com.

American States Water has received some favorable backing from California's regulatory board. The water utility provider posted a 15% top-line gain in the first quarter, benefiting from the California Public Utilities Commission's (CPUC) November decision to implement the water revenue adjustment mechanism, modified cost balancing accounting methodology, and tiered rates laid out in the Water Action Plan. The use of these mechanisms is expected to produce smoother and more predictable growth, while stabilizing costs via removing outside influences, such as weather, on demand. Nevertheless, the benefits were not enough. The water utility provider reported earnings of \$0.28 a share, a couple of pennies off last year's mark. Despite the top-line improvement and a tax benefit, which added roughly \$0.08 to the bottom line, the company was unable to offset higher operating costs specifically those associated with the expansion of its nonregulated business. Construction projects at Fort Bliss and military bases in Virginia cost American \$0.05 a share. We've trimmed our full-year earnings

estimate by a dime, to \$1.70 a share ... Operating costs are expected to continue mounting in the months ahead, as aging infrastructure requires heavier investment in order to meet increasingly stringent FDA codes.

... and our 2010 figure by a nickel, to \$1.90. With infrastructures growing older, higher expenses are not a passing fad. The cash-strapped company will have to seek help to make many of the needed improvements, opening up its bottom line to dilution, whether by higher share counts or increased interest rate costs. American recently made a stock offering of 1.15 million shares, netting nearly \$35 million. Even still, similar financing activity will probably be required based on our forecasts.

These shares do not stand out for appreciation potential. Infrastructure costs limit their six- to 12-month allure as well as their 3- to 5-year appeal. Nevertheless, the stock may well interest risk-averse investors looking to add a steady stream of income to their portfolios.

Andre J. Costanza

July 24, 2009

Company's Financial Strength B++  
Stock's Price Stability 80  
Price Growth Persistence 75  
Earnings Predictability 65

To subscribe call 1-800-833-0046.







**AQUA AMERICA** NYSE-WTR

RECENT PRICE	17.47
-----------------	-------

P/E RATIO	20.6	(Tr M)
-----------	------	--------

ailing: 23.9	) RELATIVE P/E RATIO
edian: 25.0	

1.36 DIV'D  
YLD

3.1%

**VALUE  
LINE**

<b>TIMELINESS</b>	<b>3</b>	Lowered 6/26/09
<b>SAFETY</b>	<b>3</b>	Lowered 8/1/03
<b>TECHNICAL</b>	<b>4</b>	Raised 7/10/09
<b>BETA</b>	.65 (1.00 = Market)	

High:	11.5	11.5
Low:	7.2	7.6

**LEGENDS**

— 1.60 x Dividends p sh  
divided by Interest Rate

.... Relative Price Strength

3-for-2 split 7/96

[illegible]

2012-14 PROJECTIONS			
	Price	Gain	Ann'l Total Return
High	40	(+130%)	26%
Low	25	(+45%)	13%

4-for-3 split	1/98
5-for-4 split	12/00
5-for-4 split	12/01
5-for-4 split	12/03
4-for-3 split	12/05
Options: Yes	
Shaded area: prior recession	

	A	S	O	N	D	J	F	M
to Buy	0	0	0	0	0	0	0	0
Options	0	0	0	0	1	0	1	0

Latest recession began 12/07

	3Q2008	4Q2008	1Q2009
to Buy	103	131	1
to Sell	108	131	1

Year	Percent shares traded
2009	15
30	10
34	5
51	

	THIS STOCK	VL. ARITH. INDEX
1 yr.	15.3	-14.0
3 yr.	-15.5	-14.4
5 yr.	32.7	5.1

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
1.70	1.82	1.84	1.86	2.02	2.09	2.41	2.46	2.70	2.85	2.97	3.48	3.85	4.03	4.52	4.63	5.00	5.30	Revenues per sh	6.50
42	42	47	50	56	61	72	76	86	94	96	1.09	1.21	1.26	1.37	1.42	1.55	1.65	"Cash Flow" per sh	2.10
24	26	29	30	34	40	42	47	51	54	57	.64	.71	.70	.71	.73	.85	.90	Earnings per sh <sup>A</sup>	1.25
21	21	22	23	24	26	27	28	30	32	35	.37	.40	.44	.48	.51	.54	.56	Div'd Decl'd per sh <sup>B</sup>	.65
47	46	52	48	58	82	90	1.16	1.09	1.20	1.32	1.54	1.84	2.05	1.79	1.98	2.10	2.20	Cap'l Spending per sh	2.75
2.29	2.41	2.46	2.69	2.84	3.21	3.42	3.85	4.15	4.36	5.34	5.89	6.30	6.96	7.32	7.82	8.05	8.35	Book Value per sh	10.60
59.40	59.77	63.74	65.75	67.47	72.20	106.80	111.82	113.97	113.19	123.45	127.18	128.97	132.33	133.40	135.37	136.00	136.50	Common Shs Outst'g <sup>C</sup>	138.00
14.4	13.5	12.0	15.6	17.8	22.5	21.2	18.2	23.6	23.6	24.5	25.1	31.8	34.7	32.0	24.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	25.0
.85	.89	.80	.98	1.03	1.17	1.21	1.18	1.21	1.29	1.40	1.33	1.69	1.87	1.70	1.50			Relative P/E Ratio	1.65
5.9%	6.0%	6.2%	4.9%	3.9%	2.9%	3.0%	3.3%	2.5%	2.5%	2.5%	2.3%	1.8%	1.8%	2.1%	2.8%			Avg Ann'l Div'd Yield	2.0%

**CAPITAL STRUCTURE** as of 3/31/09  
Total Debt \$1338.1 mill. Due in 5 Yrs \$243.9 mill.  
LT Debt \$1226.2 mill. LT Interest \$65.0 mill.  
(LT interest earned: 3.4x; total interest coverage:  
3.4x) (54% of Cap'l)

257.3	275.5	307.3	322.0	367.2	442.0	496.8	533.5	602.5	627.0	680	725	Revenues (\$mill)	900
45.0	50.7	58.5	62.7	67.3	80.0	91.2	92.0	95.0	97.9	115	125	Net Profit (\$mill)	170
38.4%	38.9%	39.3%	38.5%	39.3%	39.4%	38.4%	39.6%	38.9%	39.7%	39.0%	39.0%	Income Tax Rate	39.0%
--	--	--	--	--	--	--	--	2.9%	3.1%	3.5%	3.2%	AFUDC % to Net Profit	2.5%
50.0%	50.0%	50.0%	51.0%	51.4%	50.0%	50.0%	51.6%	51.1%	51.1%	51.0%	51.0%	Long Term Debt Ratio	40.0%

Pension Assets-12/08 \$112.2 mill.  
 Oblig. \$204.7 mill.  
 Pfd Stock None  
 Common Stock 135,649,486 shares  
 as of 4/24/09

52.9%	52.0%	52.2%	54.2%	51.4%	50.0%	52.0%	51.6%	53.4%	54.1%	54.0%	54.0%	Long-Term Debt Ratio	43.0%
46.7%	47.8%	47.7%	45.8%	48.6%	50.0%	48.0%	48.4%	44.6%	45.9%	46.0%	46.0%	Common Equity Ratio	51.0%
782.7	901.1	990.4	1076.2	1355.7	1497.3	1690.4	1904.4	2191.4	2306.6	2385	2470	Total Capital (\$mill)	2865
1135.4	1251.4	1368.1	1490.8	1824.3	2069.8	2280.0	2506.0	2792.8	2997.4	3150	3300	Net Plant (\$mill)	3606
7.6%	7.4%	7.8%	7.6%	6.4%	6.7%	6.9%	6.4%	5.9%	5.7%	6.5%	6.5%	Return on Total Cap'l	6.5%

**MARKET CAP: \$2.4 billion (Mid Cap)**

12.2%	11.7%	12.3%	12.7%	10.2%	10.7%	11.2%	10.0%	9.1%	9.3%	10.5%	11.0%	Return on Shr. Equity	11.5%
12.3%	11.7%	12.4%	12.7%	10.2%	10.7%	11.2%	10.0%	9.7%	9.3%	10.5%	11.0%	Return on Com Equity	11.5%

CURRENT POSITION (\$MILL.)	2007	2008	3/31/09
Cash Assets	14.5	14.9	16.7
Receivables	62.9	84.5	77.3
Inventory (AvgCst)	8.8	9.8	9.4
Other	9.3	11.8	11.3
Current Assets	115.5	121.0	114.7
Accts Payable	45.8	50.0	27.2
Debt Due	80.8	87.9	111.9
Other	56.6	55.3	52.9
Current Liab.	183.2	193.2	192.0
Fix. Cha. Cov.	323%	329%	325%

4.3%	4.7%	5.1%	5.2%	4.2%	4.6%	4.9%	3.7%	3.2%	2.8%	4.0%	4.5%	Retained to Com Eq	5.5%
65%	60%	59%	59%	59%	57%	56%	63%	67%	70%	64%	61%	All Div's to Net Prof	53%
<b>BUSINESS:</b> Aqua America, Inc. is the holding company for water and wastewater utilities that serve approximately three million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Florida, Indiana, and five other states. Divested three of four non-water businesses in '91; telemarketing group in '93; and others. Acquired AquaSource, 7/03; Consumers Water, 4/99; and								others. Water supply revenues '08: residential, 60%; commercial, 14%; industrial & other, 26%. Officers and directors own 1.3% of the common stock (4/09 Proxy). Chairman & Chief Executive Officer: Nicholas DeBenedictis. Incorporated: Pennsylvania. Address: 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010. Telephone: 610-525-1400. Internet: <a href="http://www.aquaamerica.com">www.aquaamerica.com</a> .					
<b>Aqua America has posted good results this far in 2000. That can be attributed</b>								serving 1,200 residents in Warren County, Pennsylvania; the water and wastewater					

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	8.0%	9.0%	6.5%
"Cash Flow"	9.5%	8.0%	7.5%
Earnings	7.5%	5.5%	10.0%
Dividends	7.0%	8.0%	4.5%
Book Value	9.5%	10.0%	6.5%

thus far in 2009. That can be attributed partly to the completion of key rate cases over the past year. An expanded customer base, made possible by acquisitions, has also helped the water provider (although the slowdown in the housing industry and the job of construction in 2008, have

Cal- endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2006	117.9	131.7	147.0	136.9	533.5
2007	137.3	150.6	165.5	149.1	602.5
2008	139.3	151.0	177.1	159.6	627.0
2009	154.5	167	185	173.5	680
2010	168	181	195	181	725

the sale or two operations in 2006 have provided a bit of an offset). At this juncture, share net stands to climb around 16%, to \$0.85, this year. Further expansion in operating margins ought to enable the bottom line to advance another 6%, to \$0.90 a share, in 2010.

Calendar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2006	.13	.17	.21	.19	.70
2007	.13	.17	.22	.19	.71
2008	.11	.17	.26	.19	.73
2009	.14	.20	.28	.23	.85
2010	.15	.22	.30	.23	.90

The company remains an active participant in the ongoing consolidation within the water-service industry. The cost and technical expertise required for compliance with quality standards for drinking water have risen to the point where a number of the many small water

Calendar	QUARTERLY DIVIDENDS PAID <sup>a</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2005	.098	.098	.098	.107	.401
2006	.107	.107	.115	.115	.444
2007	.115	.115	.125	.125	.480
2008	.125	.125	.125	.135	.510
2009	.135	.135			

suppliers in the United States have been struggling financially. This has resulted in a buyer's market whereby a well-capitalized company, like Aqua America, can enlarge its customer base at relatively low cost. The latest additions to its portfolio include Clarendon Water Company, Beta coefficient. Conservative investors may want to take a look here. **But for the coming six to 12 months these shares are ranked to perform only in line with the broader market averages.**

*Frederick L. Harris, III*      *July 24, 2000*

(A) Primary shares outstanding through '96; diluted thereafter. Excl. nonrec. gains (losses): '99, (11¢); '00, 2¢; '01, 2¢; '02, 5¢; '03, 4¢. Excl. gain from disc. operations: '96, 2¢. Next

<p>earnings report due early Aug. (B) Dividends historically paid in early March, June, Sept. &amp; c. ■ Div'd. reinvestment plan available (5% count). (C) In millions, adjusted for stock</p>	<p>splits.</p>	<p>Company's Financial Strength Stock's Price Stability Price Growth Persistence Earnings Predictability</p>	<p>B+ 95 75 100</p>
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## **ATTACHMENT B**



The Natural Gas Utility Industry has lost some ground since our June review. This group now ranks in the middle of our industry spectrum for Timeliness. The economy has shown signs of life in recent months, which has led most investors to look to more-risky plays as opposed to stable picks like natural gas utilities. However, investors should note that these equities typically offer attractive dividend yields that are backed by steady cash flows.

### Economic Environment

No doubt, this sector has been pressured by the dour economic climate. The weakness in the housing market has particularly weighed on results for natural gas utilities. Usage has moderated as customers have curbed their consumption in an effort to rein in expenses. What's more, customer growth has been a concern in recent months. These businesses have also been having a tougher time collecting bills of late, which can also hurt results. Therefore, we suggest interested investors watch these trends in the months ahead as they will probably influence this group's performance.

### Regulation

Rate cases are a key theme for companies in this sector. These businesses are regulated by state commissions that determine the return on equity these utilities can achieve. As a result, the performance of these equities remains tied to the current rates these companies have in place. Numerous utilities, at any given time, often have cases pending where they seek better rates from these commissions. Positive or negative news regarding a rate case can have a notable impact on a stock's performance in this industry. Notably, the falling natural gas prices in recent months has helped companies seeking rate relief. Indeed, lower prices favor customers, which makes a new rate for these utilities more palatable. Still, regulatory bodies try to strike a balance between customer and shareholder interests when evaluating a rate case. Interested investors should keep a close eye on stocks that have cases pending when reading the following pages.

### Business Strategy

Weather is another element to consider when evalu-

### INDUSTRY TIMELINESS: 46 (of 98)

ating this industry's performance. Warmer or colder-than-expected weather can lead to volatile results. Thus, most of these utilities use weather-adjusted rate mechanisms to hedge against this risk. As such, we suggest conservative investors look for stocks that utilize this strategy. Many companies have also been increasingly investing in nonregulated businesses. These ventures are free from the regulatory bodies, and as a result, come with greater risk and reward tradeoff. On point, the utilities with nonregulated operations have generally been feeling the effects of the lower energy prices more so than these competitors without such operations. Also, of note, these nonregulated businesses provide another avenue for these utilities to diversify their income. All told, we expect these ventures to continue to be an important opportunity for this sector over the long term. Another strategy in this industry is conservation. Some governments have been offering these utilities incentives to participate in energy conservation programs. This approach allows these companies to adjust to market conditions without sacrificing profitability.

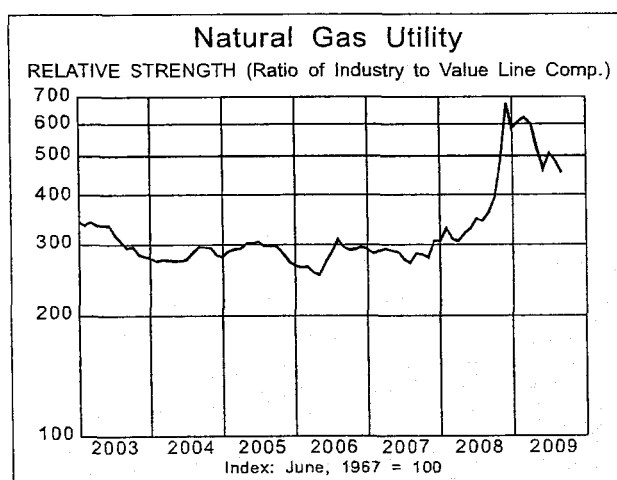
### Conclusion

As a group, natural gas utilities will likely remain under pressure in the months ahead due to unfavorable gas prices. As a result, this industry is ranked near the midpoint of our Timeliness spectrum. Still, risk-averse investors may want to consider this group if the economic recovery stalls. Natural gas utilities tend to be a solid defensive play when the stock market is faltering. However, this sector's long-term prospects are uninspiring. Therefore, we recommend patient investors look elsewhere.

All told, investors should study these reports carefully and limit their investments to equities that appear well positioned to weather the difficult operating environment. Additionally, these utilities offer dividend yields that are above the *Value Line* median. Therefore, income-oriented accounts may find stocks with yields that are above the industry average (4.3%) of interest.

Richard Gallagher

Composite Statistics: Natural Gas Utility									
2005	2006	2007	2008	2009	2010				12-14
36075	38273	38528	44207	45500	47000	Revenues (\$mill)			52750
1386.0	1553.3	1562.4	1694.2	1775	1850	Net Profit (\$mill)			2150
36.0%	35.3%	33.9%	35.7%	36.0%	36.0%	Income Tax Rate			36.0%
3.8%	4.0%	4.1%	3.8%	3.9%	3.9%	Net Profit Margin			4.1%
51.3%	51.2%	50.4%	50.6%	51.0%	51.0%	Long-Term Debt Ratio			52.0%
48.4%	48.7%	49.5%	49.4%	48.0%	48.0%	Common Equity Ratio			46.0%
29218	30847	32263	32729	33250	34750	Total Capital (\$mill)			40000
30894	32543	33936	35342	36750	38500	Net Plant (\$mill)			46250
6.5%	6.6%	6.5%	6.8%	6.5%	6.5%	Return on Total Cap'l			7.0%
9.7%	10.2%	9.8%	10.5%	10.0%	10.5%	Return on Shr. Equity			11.0%
9.8%	10.2%	9.8%	10.5%	10.0%	10.5%	Return on Com Equity			11.0%
3.5%	4.0%	3.7%	4.3%	4.0%	4.5%	Retained to Com Eq			5.0%
65%	61%	62%	59%	60%	62%	All Div'ds to Net Prof			65%
17.1	15.6	16.6	13.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio			13.0
.91	.84	.88	.83			Relative P/E Ratio			.85
3.8%	3.9%	3.7%	4.2%			Avg Ann'l Div'd Yield			4.6%
315%	327%	336%	358%	375%	375%	Fixed Charge Coverage			400%





AGL RESOURCES NYSE-AGL										RECENT PRICE	33.35	P/E RATIO	13.1 (Trailing: 10.9 Median: 14.0)	RELATIVE P/E RATIO	0.81	DIV'D YLD	5.2%	VALUE LINE	Target Price Range									
TIMELINESS	3	Lowered 6/12/09	SAFETY	2	New 7/27/09	TECHNICAL	5	Lowered 9/11/09	BETA	.75 (1.00 = Market)	High: 23.4	23.4	23.2	24.5	25.0	29.3	33.7	39.3	40.1	44.7	39.1	35.0	2012	2013	2014			
2012-14 PROJECTIONS										Ann'l Total	Price	Gain	Return															
										High	55	(+65%)	17%															
										Low	40	(+20%)	10%															
Insider Decisions										O N D J F M A M J																		
										to Buy	0	0	0	0	0	0	0	0	0	0	0	0						
										Options	0	2	1	0	2	0	1	0	1	0	0	0						
										to Sell	0	3	1	0	1	0	2	0	2	0	0	0						
Institutional Decisions										4Q2008	1Q2009	2Q2009	Percent	18														
										to Buy	107	110	124	shares	12													
										to Sell	111	107	96	traded	6													
										Hld's(000)	46113	45714	45662															
1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC. 12-14										
22.73	23.59	19.32	21.91	22.75	23.36	18.71	11.25	19.04	15.32	15.25	23.89	34.98	33.73	32.64	36.41	32.20	34.50	Revenues per sh <sup>A</sup>			38.80							
2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.86	3.31	3.39	3.47	3.29	4.20	4.50	4.65	4.68	4.70	4.95	"Cash Flow" per sh			5.40							
1.08	1.17	1.33	1.37	1.37	1.41	.91	1.29	1.50	1.82	2.08	2.28	2.48	2.72	2.72	2.71	2.70	2.90	Earnings per sh <sup>A,B</sup>			3.30							
1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	1.08	1.08	1.11	1.15	1.30	1.48	1.64	1.68	1.72	1.76	Div'ds Decl'd per sh <sup>C</sup>			1.88							
2.49	2.37	2.17	2.37	2.59	2.05	2.51	2.92	2.83	3.30	2.46	3.44	3.44	3.26	3.39	4.84	5.75	5.30	Cap'l Spending per sh			5.60							
9.90	10.19	10.12	10.56	10.99	11.42	11.59	11.50	12.19	12.52	14.66	18.06	19.29	20.71	21.74	21.48	23.10	23.40	Book Value per sh <sup>D</sup>			23.55							
49.72	50.86	55.02	55.70	56.60	57.30	57.10	54.00	55.10	56.70	64.50	76.70	77.70	77.70	76.40	76.90	78.00	79.00	Common Shs Outst'g <sup>E</sup>			85.00							
17.9	15.1	12.6	13.8	14.7	13.9	21.4	13.6	14.6	12.5	12.5	13.1	14.3	13.5	14.7	12.3	12.3	12.3	Avg Ann'l P/E Ratio			15.0							
1.06	.99	.84	.86	.85	.72	1.22	.88	.75	.68	.71	.69	.76	.73	.78	.74	.74	.74	Relative P/E Ratio			1.00							
5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%	6.2%	4.9%	4.7%	4.3%	3.9%	3.7%	4.0%	4.1%	5.0%	5.0%	5.0%	Avg Ann'l Div'd Yield			3.8%							
CAPITAL STRUCTURE as of 6/30/09										1068.6	607.4	1049.3	868.9	983.7	1832.0	2718.0	2621.0	2494.0	2800.0	2510	2725	Revenues (\$mill) <sup>A</sup>			3300			
Total Debt \$2093.0 mill. Due in 5 Yrs \$962.0 mill.										52.1	71.1	82.3	103.0	132.4	153.0	193.0	212.0	211.0	207.6	155	160	Net Profit (\$mill)			180			
LT Debt \$1675.0 mill. LT Interest \$90.0 mill.										33.1%	34.3%	40.7%	36.0%	35.9%	37.0%	37.7%	37.8%	37.6%	40.5%	35.0%	38.0%	Income Tax Rate			38.0%			
(Total interest coverage: 3.9x)										4.9%	11.7%	7.8%	11.9%	13.5%	8.4%	7.1%	8.1%	8.5%	7.4%	8.4%	Net Profit Margin			8.5%				
Leases, Uncapitalized Annual rentals \$30.0 mill.										45.3%	45.9%	61.3%	58.3%	50.3%	54.0%	51.9%	50.2%	50.3%	48.0%	45.0%	Long-Term Debt Ratio			43.0%				
Pension Assets-12/08 \$242.0 mill.										49.2%	48.3%	38.7%	41.7%	49.7%	46.0%	48.1%	49.8%	49.8%	49.7%	52.0%	55.0%	Common Equity Ratio			57.0%			
Pfd Stock None										1345.8	1286.2	1736.3	1704.3	1901.4	3008.0	3114.0	3231.0	3335.0	3327.0	3475	3350	Total Capital (\$mill)			3500			
Common Stock 77,278,942 shs.										1598.9	1637.5	2058.9	2194.2	2352.4	3178.0	3271.0	3436.0	3566.0	3816.0	4000	4150	Net Plant (\$mill)			4400			
as of 7/24/09										5.7%	7.4%	6.5%	8.1%	8.9%	6.3%	7.9%	8.0%	7.7%	7.4%	7.5%	8.0%	Return on Total Cap'l			9.0%			
MARKET CAP: \$2.6 billion (Mid Cap)										7.1%	10.2%	12.3%	14.5%	14.0%	11.0%	12.9%	13.2%	12.7%	12.6%	11.5%	12.5%	Return on Shr. Equity			14.0%			
CURRENT POSITION										7.9%	11.5%	12.3%	14.5%	14.0%	11.0%	12.9%	13.2%	12.7%	12.6%	11.5%	12.5%	Return on Com Equity			14.0%			
(\$MILL.)										NMF	3.2%	4.2%	7.0%	6.6%	5.6%	6.2%	6.3%	5.3%	5.1%	4.0%	5.0%	Retained to Com Eq			6.0%			
Cash Assets										101%	72%	65%	52%	53%	49%	52%	52%	58%	60%	64%	60%	All Div'ds to Net Prof			57%			
Other																												
Current Assets																												
Accts Payable																												
Debt Due																												
Other																												
Current Liab.																												
Fix. Chg. Cov.																												
ANNUAL RATES																												
of change (per sh)																												
Revenues																												
"Cash Flow"																												
Earnings																												
Dividends																												
Book Value																												
Cal-	QUARTERLY REVENUES (\$mill.)				Full																							
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year																							
2006	1044	436	434	707	2621																							
2007	973	467	369	685	2494																							
2008	1012	444	539	805	2800																							
2009	995	377	440	698	2510																							
2010	1020	450	480	775	2725																							
Cal-	EARNINGS PER SHARE <sup>B</sup>				Full																							
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year																							
2006	1.41	.25	.46	.60	2.72																							
2007	1.29	.40	.17	.86	2.72																							
2008	1.16	.30	.28	.97	2.71																							
2009	1.55	.26	.20	.69	2.70																							
2010	1.40	.30	.30	.90	2.90																							
Cal-	QUARTERLY DIVIDENDS PAID <sup>C</sup>				Full																							
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year																							
2005	.31	.31	.31	.37	1.30																							
2006	.37	.37	.37	.37	1.48																							
2007	.41	.41	.41	.41	1.64																							
2008	.42	.42	.42	.42	1.68																							
2009	.43	.43																										

**LEGENDS**  
..... 1.25 x Dividends p sh  
divided by Interest Rate  
..... Relative Price Strength  
Options: Yes  
Shaded area: prior recession  
Latest recession began 12/07

**% TOT. RETURN 8/09**  
THIS STOCK VL ARITH. INDEX  
1 yr. 7.4 -4.4  
3 yr. 6.4 0.4  
5 yr. 37.2 32.3

**BUSINESS:** AGL Resources Inc. is a public utility holding company. Its distribution subsidiaries include Atlanta Gas Light, Chattanooga Gas, Elizabethtown Gas and Virginia Natural Gas. The utilities have more than 2.2 million customers in Georgia, Virginia, Tennessee, New Jersey, Florida, and Maryland. Engaged in non-regulated natural gas marketing and other allied services. Deregulated subsidiaries: Georgia Natural Gas markets natural gas at retail. Sold Utillpro, 3/01. Acquired Compass Energy Services, 10/07. Franklin Resources owns 7.7% of common stock; off.dir., less than 1.0% (3/09 Proxy). Pres. & CEO: John W. Somershalder II. Inc.: GA. Addr.: Ten Peachtree Place N.E., Atlanta, GA 30309. Telephone: 404-584-4000. Internet: www.aglresources.com.

**We do not expect 2009 to be a banner year for AGL Resources.** The company reported healthy results in the first quarter. However, performance was less favorable in the recent interim. The Wholesale services business posted an operating loss of \$11 million, while the Retail Energy Operations and Energy Investments units reported lower earnings. On the bright side, the Distribution Operations business posted moderate growth in operating earnings. This was primarily due to higher fees to marketers in Georgia for the storage of natural gas inventory and greater pipeline replacement revenues at Atlanta Gas Light. Overall, revenues and share earnings declined in the June period. Looking forward, comparisons will likely also prove unfavorable for the second half of the year. Thus, we anticipate lower revenues and relatively flat share earnings for full-year 2009.

**Subsidiary Atlanta Gas Light has announced a system infrastructure investment project.** This \$400 million program will be completed over a 10-year period. Infrastructure improvements include upgrading the utility's distribution system and its liquefied natural gas facilities. This project will improve system reliability, increase operational flexibility, and allow Atlanta Gas Light to meet its forecasted growth objectives.

**Elizabethtown Gas has modified its rate case filing.** It had originally requested a \$25 million rate hike, but has since lowered this amount to \$17 million. The proposed increase would become effective at the beginning of 2010. Meanwhile, Atlanta Gas Light has requested to postpone a rate case filing, which had originally been scheduled for November 1st of this year. However, it does plan to file sometime after that (June 1, 2010 at the latest). Virginia Natural Gas and Chattanooga Gas also intend to file rate cases in 2010.

**We anticipate higher revenues and share earnings at the company by 2012-2014,** on better operating conditions. Moreover, AGL has a healthy dividend yield and earns high marks for Safety, Price Stability, and Earnings Predictability. From the present quotation, this issue features decent risk-adjusted total return potential.

Michael Napoli, CPA September 11, 2009



ATMOS ENERGY CORP. NYSE-ATO										RECENT PRICE	27.06	P/E RATIO	12.1 (Trailing: 11.9 Median: 16.0)	RELATIVE P/E RATIO	0.75	DIV'D YLD	5.0%	VALUE LINE										
TIMELINESS 3 Lowered 9/11/09										High: 32.3	33.0	26.3	25.8	24.5	25.5	27.6	30.0	33.1	33.5	29.3	28.6			Target Price Range				
SAFETY 2 Raised 12/16/05										Low: 24.8	19.6	14.3	19.5	17.6	20.8	23.4	25.0	25.5	23.9	19.7	20.1			2012	2013	2014		
TECHNICAL 4 Lowered 9/4/09										<div>LEGENDS</div> <div>1.00 x Dividends p.sh. divided by Interest Rate</div> <div>Relative Price Strength</div> <div>Options: Yes</div> <div>Shaded area: prior recession</div> <div>Latest recession began 12/07</div>																		
BETA .65 (1.00 = Market)																												
2012-14 PROJECTIONS																												
Ann'l Total																												
Price																												
Gain																												
Return																												
High																												
Low																												
40																												
30																												
(+50%)																												
(+10%)																												
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7%																												
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(A) Fiscal year ends Sept. 30th. (B) Diluted shrs. Excl. nonrec. items: '99, d23; '00, 12; '03, d17; '06, d18; '07, d2; Q2 '09, 12. Next eps. rpt. due early Nov. (C) Dividends his-

torically paid in early March, June, Sept., and Dec. = Div. reinvestment plan. Direct stock purchase plan avail. (D) In millions.

(E) Qtrs may not add due to change in shrs outstanding.

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		Target Price Range		
	2012	2013	2014	
				128
				96
				80
				64

				48
				40
				32

			24
			16
			12

	THIS STOCK	VL ARITH. INDEX
1 yr.	-24.7	-4.4
3 yr.	13.4	0.4
5 yr.	40.0	32.3

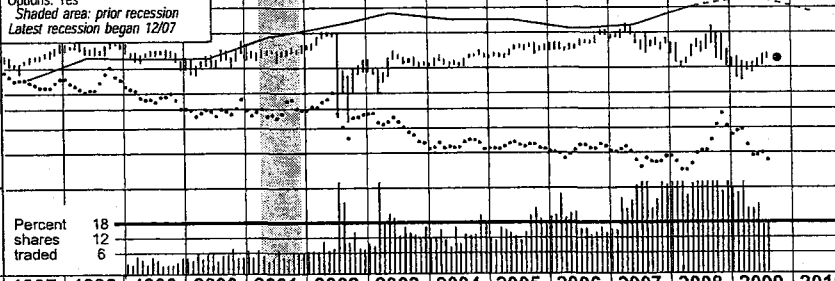
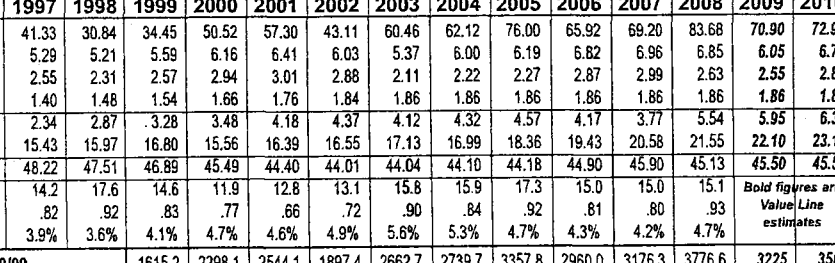
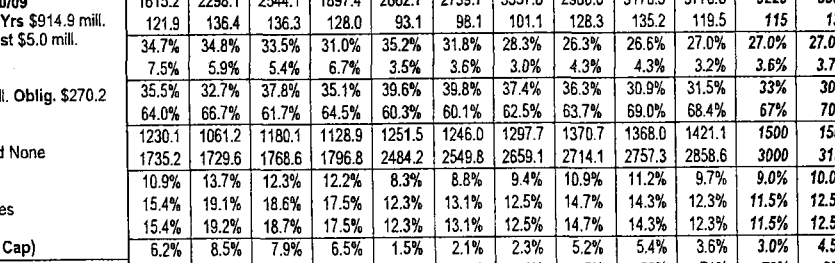
mill., \$15.48/sh.	Company's Financial Strength	B+
	Stock's Price Stability	100
turn due to rounding or	Price Growth Persistence	60
rounding.	Earnings Predictability	85

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NICOR, INC. NYSE-GAS										RECENT PRICE	35.65	P/E RATIO	13.5 (Trailing: 14.0 Median: 15.0)	RELATIVE P/E RATIO	0.84	DIV'D YLD	5.2%	VALUE LINE																											
TIMELINESS	3	Raised 12/7/07	High: 44.4	42.9	43.9	42.4	49.0	39.3	39.7	43.0	49.9	53.7	52.0	38.1				Target Price	Range																										
SAFETY	3	Lowered 6/17/05	Low: 37.1	31.2	29.4	34.0	17.3	23.7	32.0	35.5	38.7	37.8	32.3	27.5				2012	2013																										
TECHNICAL	4	Lowered 9/4/09	<div>LEGENDS</div> <div>1.30 x Dividends p sh divided by Interest Rate</div> <div>Relative Price Strength</div> <div>Options: Yes</div> <div>Shaded area: prior recession</div> <div>Latest recession began 12/07</div> 																																										
BETA	.70	(1.00 = Market)																																											
2012-14 PROJECTIONS																																													
Price	60	Gain	Ann'l Total																																										
High	60	(+70%)	17%																																										
Low	40	(+10%)	7%																																										
Insider Decisions			<div>Percent shares traded</div> <div>18</div> <div>12</div> <div>6</div> 																																										
to Buy	0	0											0	0	0	0	0	0	0	0	0	0	0	0	0	0																			
to Sell	0	0											0	0	0	0	0	0	0	0	0	0	0	0	0	0																			
Institutional Decisions			<div>Percent shares traded</div> <div>18</div> <div>12</div> <div>6</div> 																																										
to Buy	114	92											105																																
to Sell	126	126											103																																
Hid's(000)	27287	25772	25968																																										
1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14																										
31.02	31.23	29.42	37.39	41.33	30.84	34.45	50.52	57.30	43.11	60.46	62.12	76.00	65.92	69.20	83.68	70.90	72.90	Revenues per sh	93.30																										
3.80	4.11	4.19	4.97	5.29	5.21	5.59	6.16	6.41	6.03	5.37	6.00	6.19	6.82	6.96	6.85	6.05	6.70	"Cash Flow" per sh	7.85																										
1.97	2.07	1.96	2.42	2.55	2.31	2.57	2.94	3.01	2.88	2.11	2.22	2.27	2.87	2.99	2.63	2.55	2.85	Earnings per sh A	3.25																										
1.22	1.25	1.28	1.32	1.40	1.48	1.54	1.66	1.76	1.84	1.86	1.86	1.86	1.86	1.86	1.86	1.86	1.86	Div's Decl'd per sh B=	1.86																										
2.62	3.34	3.12	2.42	2.34	2.87	3.28	3.48	4.18	4.37	4.12	4.32	4.57	4.17	3.77	5.54	5.95	6.35	Cap'l Spending per sh	6.80																										
13.05	13.26	13.67	14.74	15.43	15.97	16.80	15.56	16.39	16.55	17.13	16.99	18.36	19.43	20.58	21.55	22.10	23.10	Book Value per sh	26.80																										
53.96	51.54	50.30	49.49	48.22	47.51	46.89	45.49	44.40	44.01	44.04	44.10	44.18	44.90	45.90	45.13	45.50	45.50	Common Shs Outst'g C	45.50																										
14.1	12.5	13.1	12.5	14.2	17.6	14.6	11.9	12.8	13.1	15.8	15.9	17.3	15.0	15.1	15.1	Bold figures are Value Line estimates	Avg Ann'l P/E Ratio	16.0																											
.83	.82	.88	.78	.82	.92	.83	.77	.66	.72	.90	.84	.92	.81	.80	.93		Avg Ann'l Div'd Yield	3.9%																											
4.4%	4.8%	5.0%	4.4%	3.9%	3.6%	4.1%	4.7%	4.6%	4.9%	5.6%	5.3%	4.7%	4.3%	4.2%	4.7%																														
CAPITAL STRUCTURE as of 6/30/09						1615.2										2298.1	2544.1	1897.4	2662.7	2739.7	3357.8	2960.0	3176.3	3776.6	3225	3500	Revenues (\$mill)	4200																	
Total Debt \$725.7 mill. Due in 5 Yrs \$914.9 mill.						121.9										136.4	136.3	128.0	93.1	98.1	101.1	128.3	135.2	119.5	115	130	Net Profit (\$mill)	150																	
LT Debt \$498.7 mill. LT Interest \$5.0 mill.						34.7%										34.8%	33.5%	31.0%	35.2%	31.8%	28.3%	26.3%	26.6%	27.0%	27.0%	27.0%	Income Tax Rate	27.0%																	
(Total interest coverage: 5.1x)						7.5%										5.9%	5.4%	6.7%	3.5%	3.6%	3.0%	4.3%	4.3%	3.2%	3.6%	3.7%	Net Profit Margin	3.5%																	
Pension Assets-12/08 \$306.6 mill. Oblig. \$270.2 mill.						35.5%										32.7%	37.8%	35.1%	39.6%	39.8%	37.4%	36.3%	30.9%	31.5%	33%	30%	Long-Term Debt Ratio	26%																	
Pfd Stock \$.6 mill. Pfd Div'd None						64.0%										66.7%	61.7%	64.5%	60.3%	60.1%	62.5%	63.7%	69.0%	68.4%	67%	70%	Common Equity Ratio	74%																	
Common Stock 45,221,593 shares as of 7/24/09						1230.1										1061.2	1180.1	1128.9	1251.5	1246.0	1297.7	1370.7	1368.0	1421.1	1500	1500	Total Capital (\$mill)	1650																	
MARKET CAP: \$1.6 billion (Mid Cap)						1735.2										1729.6	1768.6	1796.8	2484.2	2549.8	2659.1	2714.1	2757.3	2858.6	3000	3150	Net Plant (\$mill)	3600																	
CURRENT POSITION (MILL.)						10.9%										13.7%	12.3%	12.2%	8.3%	8.8%	9.4%	10.9%	11.2%	9.7%	9.0%	10.0%	Return on Total Cap'l	10.0%																	
Cash Assets 91.9						15.4%										19.1%	18.6%	17.5%	12.3%	13.1%	12.5%	14.7%	14.3%	12.3%	11.5%	12.5%	Return on Shr. Equity	12.0%																	
Other 931.9						15.4%										19.2%	18.7%	17.5%	12.3%	13.1%	12.5%	14.7%	14.3%	12.3%	11.5%	12.5%	Return on Com Equity	12.0%																	
Current Assets 1023.8						6.2%										8.5%	7.9%	6.5%	1.5%	2.1%	2.3%	5.2%	5.4%	3.6%	3.0%	4.5%	Retained to Com Eq	5.5%																	
Accts Payable 564.5						60%										56%	58%	63%	88%	84%	81%	65%	62%	71%	70%	65%	All Div'ds to Net Prof	57%																	
Debt Due 350.0						BUSINESS: Nicor Inc. is a holding company with gas distribution as its primary business. Serves over 2.2 million customers in northern and western Illinois. 2008 gas delivered: 498.1 Bcf, incl. 222.6 Bcf from transportation. 2008 gas sales (275.5 bcf): residential, 93%; commercial, 6%; industrial, 1%. Principal supplying pipelines: Natural Gas Pipeline, Horizon Pipeline, and TGPC. Current operations										include Tropical Shipping subsidiary and several energy related ventures. Divested oil and gas E&P, 6/93. Has about 3,900 employees. Officers/directors own about 2.2% of common stock (3/09 proxy). Chairman and Chief Executive Officer: Russ Strobel. Incorporated: Illinois. Address: 1844 Ferry Road, Naperville, Illinois 60563. Telephone: 630-305-9500. Internet: www.nicor.com.																													
Other 227.9						Nicor posted mixed results in the second quarter. Both the top and bottom lines fell short of 2008's results due to the challenging macroeconomic environment and lower energy prices. Furthermore, sales of \$447.6 million missed our estimate in June (\$600 million). However, earnings of \$0.50 a share topped our number, thanks to new rates in the natural gas distribution business (discussed below), which offset unfavorable pricing and a weak showing in the shipping operations. We have lowered our bottom-line estimate for 2009 by a dime, to \$2.55 a share. Management reaffirmed its share-net guidance range of \$2.54 to \$2.74. However, we have pared our target to the low end of management's range, given the tough market conditions for natural gas producers. Most notably, lower usage, coupled with unfavorable pricing, will probably continue to pressure these utilities over the coming months. Therefore, we look for the top line to decline 15% to \$3.2 million. The company requested a rehearing on its rate case. Nicor was approved for a \$69 million increase in base revenues at										the end of the March period. However, the company is awaiting a decision from the Illinois Commerce Commission regarding a rehearing. Nicor is seeking greater relief than what was approved. This equity offers a yield that is above average for a natural gas utility. Nicor continues to pay a hearty dividend despite the challenging operating environment. What's more, we think the payout is safe, thanks to the company's strong balance sheet. Thus, income-oriented investors may find this equity's attractive yield (5.2%) of interest. Shares of Nicor are ranked to mirror the broader market averages over the next six to 12 months, as near-term prospects appear to be limited. Moreover, at the current quotation, this issue has below-average total return potential over the 3- to 5-year pull. Therefore, we recommend most investors look elsewhere. However, risk-averse investors should note this equity is well positioned to weather any volatility (Beta: .70) over the coming years given its strong finances and stable business (Financial Strength: A). Richard Gallagher September 11, 2009																													
Current Liab. 1142.4						ANNUAL RATES of change (per sh)										Past 10 Yrs.										Past 5 Yrs.										Est'd '06-'08 to '12-'14									
Fix. Chg. Cov. 543%						Revenues 7.0%										6.5%										4.0%																			
						"Cash Flow" 3.0%										3.0%										2.0%																			
						Earnings 1.5%										1.1%										2.5%																			
						Dividends 3.0%										0.5%										N/A																			
						Book Value 3.0%										4.0%										4.5%																			
QUARTERLY REVENUES (\$mill.)						Cal-endar						Mar.31						Jun.30						Sep.30						Dec.31						Full Year									
2006						319.4						451.3						351.1						838.2						2960.0															
2007						334.7						556.9						365.2						919.5						3176.3															
2008						595.7						699.8						440.3						1040.8						3776.6															
2009						110.8						447.6						375						1291.6						3225															
2010						1150						625						425						1300						3500															
EARNINGS PER SHARE A						Cal-endar						Mar.31						Jun.30						Sep.30						Dec.31						Full Year									
2006						.99						.19						.39						1.30						2.87															
2007						1.04						.40						.32						1.22						2.98															
2008						.91						.64						.03						1.05						2.63															
2009						.96						.50						.05						1.04						2.55															
2010						1.05						.50						.30						1.00						2.85															
QUARTERLY DIVIDENDS PAID B=						Cal-endar						Mar.31						Jun.30						Sep.30						Dec.31						Full Year									
2005						.465						.465						.465						.465						1.86															
2006						.465						.465						.465						.465						1.86															
2007						.465						.465						.465						.465						1.86															
2008						.465						.465						.465						.465						1.86															
2009						.465						.465						.465						.465						1.86															



N.W. NAT'L GAS NYSE:NYN				RECENT PRICE	41.94	P/E RATIO	14.7	(Trailing: 15.5 Median: 16.0)	RELATIVE P/E RATIO	0.91	DIV'D YLD	4.0%	VALUE LINE						
TIMELINESS	3	Lowered 7/24/09	High: 30.8 27.9 27.5 26.8 30.7 31.3 34.1 39.6 43.7 52.8 55.2 46.1	Low: 24.3 19.5 17.8 21.7 23.5 24.0 27.5 32.4 32.8 39.8 37.7									Target Price Range 2012 2013 2014						
SAFETY	1	Raised 3/18/05	LEGENDS ..... 1.10 x Dividends p sh divided by Interest Rate .... Relative Price Strength 3-for-2 split 9/95 Options: Yes Shaded area: prior recession Latest recession began 12/07																
TECHNICAL	4	Lowered 9/4/09																	
BETA	.60	(1.00 = Market)																	
2012-14 PROJECTIONS																			
Price	70	Gain (+65%)	Ann'l Total Return 16%																
High	70																		
Low	55	Gain (+30%)	10%																
Insider Decisions																			
to Buy 0 0 0 0 0 2 0 0 0																			
Options to Buy 0 1 0 0 0 0 0 0 0																			
to Sell 0 2 0 1 0 0 0 1 1																			
Institutional Decisions																			
4Q2008 1Q2009 2Q2009																			
to Buy 82 67 78																			
to Sell 83 93 69																			
Hld's (000) 14907 15126 15387																			
Percent shares traded 15 10 5																			
														% TOT. RETURN 8/09					
														THIS STOCK VS. ARITH. INDEX					
														1 yr. -10.5 -4.4					
														3 yr. 21.8 0.4					
														5 yr. 63.1 32.3					
														© VALUE LINE PUB., INC. 12-14					
1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Revenues per sh	48.20
18.15	18.30	16.02	16.86	15.82	16.77	18.17	21.09	25.78	25.07	23.57	25.69	33.01	37.20	39.13	39.16	39.60	41.50	Revenues per sh	48.20
3.74	3.50	3.41	3.86	3.72	3.24	3.72	3.68	3.86	3.65	3.85	3.92	4.34	4.76	5.41	5.31	5.60	5.85	"Cash Flow" per sh	6.75
1.74	1.63	1.61	1.97	1.76	1.02	1.70	1.79	1.88	1.62	1.76	1.86	2.11	2.35	2.76	2.57	2.85	2.85	Earnings per sh <sup>A</sup>	3.45
1.17	1.17	1.18	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.30	1.32	1.39	1.44	1.52	1.60	1.68	Div'ds Decl'd per sh <sup>B=C</sup>	2.00
3.61	4.23	3.02	3.70	5.07	4.02	4.78	3.46	3.23	3.11	4.90	5.52	3.48	3.56	4.48	3.92	4.50	4.50	Cap'l Spending per sh	4.50
13.08	13.63	14.55	15.37	16.02	16.59	17.12	17.93	18.56	18.88	19.52	20.64	21.28	22.01	22.52	23.71	24.90	26.10	Book Value per sh	30.50
19.77	20.13	22.24	22.56	22.86	24.85	25.09	25.23	25.23	25.59	25.94	27.55	27.58	27.24	26.41	26.50	26.50	26.50	Common Shs Outst'g <sup>C</sup>	28.00
12.9	13.0	12.9	11.7	14.4	26.7	14.5	12.4	12.9	17.2	15.8	16.7	17.0	15.9	16.7	18.1	18.1	18.1	Avg Ann'l P/E Ratio	18.0
.76	.85	.86	.73	.83	1.39	.83	.81	.66	.94	.90	.88	.91	.86	.89	1.11	1.11	1.11	Relative P/E Ratio	1.20
5.2%	5.5%	5.7%	5.2%	4.8%	4.5%	5.0%	5.6%	5.1%	4.5%	4.6%	4.2%	3.7%	3.7%	3.1%	3.3%	3.3%	3.3%	Avg Ann'l Div'd Yield	3.2%
CAPITAL STRUCTURE as of 6/30/09																			
Total Debt \$677.6 mill. Due in 5 Yrs \$173.8 mill.																			
LT Debt \$587.0 mill. LT Interest \$37.0 mill.																			
(Total interest coverage: 4.0x)																			
Pension Assets-12/08 \$163 mill.																			
Oblig. \$281 mill.																			
Prd Stock None																			
Common Stock 26,513,188 shares as of 7/31/09																			
MARKET CAP \$1.1 billion (Mid Cap)																			
CURRENT POSITION				2007	2008	6/30/09													
(\$MILL.)																			
Cash Assets				6.1	6.9	31.1													
Other				268.8	474.1	241.3													
Current Assets				274.9	481.0	272.4													
Accts Payable				119.7	94.4	50.1													
Debt Due				148.1	248.0	90.6													
Other				122.1	208.9	148.8													
Current Liab.				389.9	551.3	289.5													
Fx. Chg. Cov.				408%	393%	NMF													
ANNUAL RATES				Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14													
of change (per sh)																			
Revenues				9.0%	9.0%	4.0%													
"Cash Flow"				3.5%	6.5%	4.5%													
Earnings				5.0%	8.0%	5.0%													
Dividends				2.0%	3.0%	5.5%													
Book Value				3.5%	3.5%	5.0%													
QUARTERLY REVENUES (\$ mill.)				Mar.31	Jun.30	Sep.30	Dec.31	Full Year											
2006				390.4	171.0	114.9	336.9	1013.2											
2007				394.1	183.2	124.2	331.7	1033.2											
2008				387.7	191.3	109.7	349.2	1037.9											
2009				437.4	149.4	100	338.2	1025											
2010				420	215	125	365	1125											
EARNINGS PER SHARE <sup>A</sup>				Mar.31	Jun.30	Sep.30	Dec.31	Full Year											
2006				1.48	.07	d.35	1.15	2.35											
2007				1.77	.10	d.22	1.11	2.76											
2008				1.62	.08	d.38	1.25	2.57											
2009				1.72	.12	d.31	1.32	2.85											
2010				1.72	.11	d.33	1.35	2.85											
QUARTERLY DIVIDENDS PAID <sup>B=C</sup>				Mar.31	Jun.30	Sep.30	Dec.31	Full Year											
2005				.325	.325	.325	.345	1.32											
2006				.345	.345	.345	.355	1.39											
2007				.355	.355	.355	.375	1.44											
2008				.375	.375	.375	.395	1.52											
2009				.395	.395	.395													
BUSINESS:				Northwest Natural Gas Co. distributes natural gas to 90 communities, 662,000 customers, in Oregon (90% of customers) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Service area population: 2.5 mill. (77% in OR). Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system.															
Owns local underground storage. Rev. breakdown: residential, 55%; commercial, 28%; industrial, gas transportation, and other, 17%. Employs 1,106. Barclays Global owns 6.6% of shares; officers and directors, 1.4% (4/09 proxy). CEO: Gregg S. Kantor. Inc.: Oregon. Address: 220 NW 2nd Ave., Portland, OR 97209. Telephone: 503-226-4211. Internet: www.nwnatural.com.																			
the company plans to pare 50 to 100 jobs, adding to the 175 it eliminated in the last two years.																			
Northwest should benefit from a new union contract. Under the new five-year agreement, union members (about 60% of the workforce) received a 2.3% raise but will get just 1% more per year for years two through five, plus up to 2% for inflation. The company gains extra flexibility, and new hires will not be eligible for the defined benefit pension plan.																			
New projects could significantly boost earnings by the end of our time horizon. Northwest owns 75% of the Gill Ranch, CA gas storage project and will invest about \$160 million in the project; it should contribute to the bottom line by 2011. The proposed Palomar pipeline would bring a second source of gas to the Portland area; its eastern section could come on line by 2013. NWN's investment would be around \$200 million, plus an equal sum if the western half is built. These top-quality shares offer decent total-return potential, suitable for conservative accounts.																			
Sigourney B. Romaine September 11, 2009																			

(A) Diluted earnings per share. Excludes non-recurring items: '98, \$0.15; '00, \$0.11; '06, (\$0.06); '08, (\$0.03); '10, '09, 6¢. Next earnings report due early November.

(B) Dividends historically paid in mid-February, May, August, and November.  
 ■ Dividend reinvestment plan available.

(C) In millions, adjusted for stock split.

Company's Financial Strength A  
 Stock's Price Stability 100  
 Price Growth Persistence 70  
 Earnings Predictability 90

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PIEDMONT NAT'L GAS NYSE-PNY					RECENT PRICE	24.24	P/E RATIO	14.8	(Trailing: 15.6 Median: 18.0)	RELATIVE P/E RATIO	0.92	DIV'D YLD	4.5%	VALUE LINE	Target Price Range			
TIMELINESS	3	Raised 6/15/07	High:	18.1	18.3	19.7	19.0	19.0	22.0	24.3	25.8	28.4	28.0	35.3	32.0			
SAFETY	2	New 7/27/90	Low:	13.9	14.3	11.8	14.6	13.7	16.6	19.2	21.3	23.2	22.0	21.7	20.7			
TECHNICAL	4	Raised 7/17/09	LEGENDS															
BETA	.65	(1.00 = Market)	1.40 x Dividends p sh divided by Interest Rate															
			Relative Price Strength															
			2-for-1 split 11/04															
			Options: Yes															
			Shaded area: prior recession															
			Latest recession began 12/07															
			2-for-1															
2012-14 PROJECTIONS																		
Price	40	Gain	(+65%)	Ann'l Total	17%													
High	40	Low	30	Return	10%													
Insider Decisions																		



# SOUTH JERSEY INDS. NYSE-SJI

RECENT PRICE **34.29** P/E RATIO **14.3** (Trailing: 14.8) RELATIVE P/E RATIO **0.89** DIV'D YLD **3.6%** VALUE LINE

**TIMELINESS** 3 Lowered 8/14/09  
**SAFETY** 2 Lowered 1/4/91  
**TECHNICAL** 5 Lowered 9/11/09  
**BETA** .65 (1.00 = Market)

**2012-14 PROJECTIONS**  
 Price 50 Gain (+45%) Ann'l Total Return 13%  
 Low 35 (Nil) 5%

**Insider Decisions**  
 O N D J F M A M J  
 to Buy 0 0 1 0 0 1 0 0 0 0  
 Options 0 0 0 0 0 0 0 0 0 0  
 to Sell 0 2 0 0 0 4 0 1 2

**Institutional Decisions**  
 4Q2008 1Q2009 2Q2009  
 to Buy 75 73 70  
 to Sell 69 70 78  
 Hld's(000) 16545 16545 15858

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
17.03	17.45	16.50	16.52	16.18	20.89	17.60	22.43	35.30	20.69	26.34	29.51	31.78	31.76	32.30	32.36	30.85	31.60	Revenues per sh	36.35
1.54	1.35	1.65	1.54	1.60	1.44	1.84	1.95	1.90	2.12	2.24	2.44	2.51	3.51	3.20	3.48	3.35	3.60	"Cash Flow" per sh	4.20
.78	.61	.83	.85	.86	.64	1.01	1.08	1.15	1.22	1.37	1.58	1.71	2.46	2.09	2.27	2.40	2.65	Earnings per sh <sup>A</sup>	3.10
.72	.72	.72	.72	.72	.72	.72	.73	.74	.75	.78	.82	.86	.92	1.01	1.11	1.20	1.28	Div'ds Decl'd per sh <sup>B</sup>	1.50
1.87	1.93	2.08	2.01	2.30	3.06	2.19	2.21	2.82	3.47	2.36	2.67	3.21	2.51	1.88	2.08	2.35	2.40	Cap'l Spending per sh	2.90
7.17	7.23	7.34	8.03	6.43	6.23	6.74	7.25	7.81	9.67	11.26	12.41	13.50	15.11	16.25	17.33	18.65	19.35	Book Value per sh <sup>C</sup>	22.75
19.61	21.43	21.44	21.51	21.54	21.56	22.30	23.00	23.72	24.41	26.46	27.76	28.98	29.33	29.61	29.73	30.00	31.00	Common Shs Outst'g <sup>D</sup>	33.00
15.8	16.1	12.2	13.3	13.8	21.2	13.3	13.0	13.6	13.5	13.3	14.1	16.6	11.9	17.2	15.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	14.0
.93	1.06	.82	.83	.80	1.10	.76	.85	.70	.74	.76	.74	.88	.64	.91	.95			Relative P/E Ratio	.95
5.9%	7.4%	7.2%	6.4%	6.1%	5.3%	5.4%	5.2%	4.7%	4.6%	4.3%	3.7%	3.0%	3.2%	2.8%	3.1%			Avg Ann'l Div'd Yield	3.5%

**CAPITAL STRUCTURE as of 6/30/09**  
 Total Debt \$496.4 mill. Due in 5 Yrs \$228.8 mill.  
 LT Debt \$332.7 mill. LT Interest \$16.0 mill.  
 (Total interest coverage: 8.4x)

**Pension Assets-12/08 \$88.3 mill.**  
 Oblig. \$142.7 mill.  
**Pfd Stock none**

**Common Stock 29,796,232 common shs.**  
 as of 8/3/09

**MARKET CAP: \$1.0 billion (Mid Cap)**

CURRENT POSITION	2007	2008	6/30/09
Cash Assets	11.7	5.8	6.0
Other	316.6	429.3	351.4
Current Assets	328.3	435.1	357.4
Accts Payable	101.2	120.2	87.9
Debt Due	118.4	237.6	163.7
Other	108.7	142.1	135.7
Current Liab.	328.3	499.9	387.3
Fix. Chg. Cov.	476%	598%	834%

**ANNUAL RATES**  
 of change (per sh)  
 Revenues 6.0% Past 10 Yrs. 3.0% Est'd '06-'08 2.0%  
 "Cash Flow" 8.5% Past 10 Yrs. 10.0% Est'd '06-'08 3.5%  
 Earnings 11.5% Past 10 Yrs. 13.0% Est'd '06-'08 5.5%  
 Dividends 3.5% Past 10 Yrs. 6.0% Est'd '06-'08 7.0%  
 Book Value 9.0% Past 10 Yrs. 11.0% Est'd '06-'08 6.0%

Cal- endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2006	372.6	153.8	154.7	250.3	931.4
2007	368.4	171.7	156.2	260.1	956.4
2008	348.1	135.8	210.4	267.7	962.0
2009	362.2	134.5	150	278.3	925
2010	365	160	170	285	980

EARNINGS PER SHARE <sup>A</sup>					Full Year
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	
2006	1.06	.20	.51	.69	2.46
2007	1.30	.21	.65	.63	2.09
2008	1.32	.26	.04	.67	2.27
2009	1.46	.15	.05	.74	2.40
2010	1.45	.25	.10	.85	2.65

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2005	--	.213	.213	.438	.86
2006	--	.225	.225	.470	.92
2007	--	.245	.245	.515	1.01
2008	--	.270	.270	.568	1.11
2009	--	.298	.298		

(A) Based on GAAP EPS through 2006, economic earnings thereafter. GAAP EPS: '07, \$2.10; '08, \$2.58. Excl. nonrecr. gain (loss): '01, \$0.13; '08, \$0.31. Excl gain (losses) from discount. ops.: '99, (\$0.02); '00, (\$0.04); '01, (\$0.02); '02, (\$0.04); '03, (\$0.09); '05, (\$0.02); '06, (\$0.02); '07, \$0.01. Earnings may not sum due to rounding. Next egs. report due in November. (B) Div'ds paid early Apr., Jul., Oct., and late Dec. ■ Div. reinvest. plan avail. (C) Incl. regulatory assets. In 2008: \$270.4 mill., \$9.10 per sh. (D) In millions, adj. for split.

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**BUSINESS:** South Jersey Industries, Inc. is a holding company. Its subsidiary, South Jersey Gas Co., distributes natural gas to 340,136 customers in New Jersey's southern counties, which covers about 2,500 square miles and includes Atlantic City. Gas revenue mix '08: residential, 46%; commercial, 23%; cogeneration and electric generation, 6%; industrial, 25%. Non-utility operations include: South Jersey Energy, South Jersey Resources Group, Marina Energy, and South Jersey Energy Service Plus. Has 602 employees. Off.ldr. control 1.0% of com. shares; Barclays, 7.5%; Keeley Asset Management, 5.6% (3/09 proxy). Chrmn. & CEO: Edward Graham. Incorp.: NJ. Address: 1 South Jersey Plaza, Folsom, NJ 08037. Tel.: 609-561-9000. Internet: www.sjindustries.com.

**South Jersey Industries posted a flat top-line comparison and lower share earnings for the second quarter.** Earnings declined moderately at subsidiary South Jersey Gas in the recent interim. Lower interest payments were more than offset by higher pension expense and an increase in other operating costs at this business. Meanwhile, significantly cooler temperatures during the period resulted in lower air conditioning demand and reduced earnings at the on-site energy production business, Marina Energy. The Asset Management and Marketing business also posted an earnings decline for the quarter.

**The company has attractive prospects for the coming years.** Customer growth at South Jersey Gas has continued at a steady clip, despite weakness in the broader economy. Natural gas remains the fuel of choice in the markets served by the utility, and SJG continues to see significant interest in conversions from other fuel sources to natural gas. Its recent gas main extension project, along with aggressive marketing efforts, should benefit the utility going forward. We anticipate solid

results from the nonutility operations, as well.

**South Jersey Gas has filed with the New Jersey Board of Public Utilities to reduce rates by 20.2%.** The approval of the Basic Gas Supply Service (BGSS) petition would allow customers to realize significant savings, and provide an incentive for homeowners to switch from oil to natural gas. The BGSS clause allows South Jersey to pass along increases and decreases in gas costs directly to consumers. The company's ability to secure lower-priced gas has allowed it to provide customers with the lower rates.

**Shares of South Jersey Industries have slipped one notch in Timeliness,** and are now neutrally ranked for year-ahead performance. Looking further out, we anticipate higher revenues and share earnings at the company by 2012-2014. Moreover, SJI scores high marks for Safety, Price Stability, and Earnings Predictability. But from the present quotation, this issue has below-average, though reasonably well-defined, total return potential for the coming years.

Michael Napoli, CPA September 11, 2009

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	90
Earnings Predictability	80

**To subscribe call 1-800-833-0046.**



SOUTHWEST GAS NYSE-SWX						RECENT PRICE	23.98	P/E RATIO	13.5	(Trailing: 16.3 Median: 19.0)	RELATIVE P/E RATIO	0.84	DIV'D YLD	4.1%	VALUE LINE	Target Price Range						
TIMELINESS	3	Raised 5/23/08	High: 26.9	29.5	23.0	24.7	25.3	23.6	26.2	28.1	39.4	39.9	33.3	26.4			2012	2013	2014			
SAFETY	3	Lowered 1/4/09	Low: 17.3	20.4	16.9	18.6	18.1	19.3	21.5	23.5	26.0	26.5	21.1	17.1								
TECHNICAL	4	Lowered 7/24/09	LEGENDS 1.50 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded area: prior recession Latest recession began 12/07																			
BETA	.75	(1.00 = Market)	2012-14 PROJECTIONS																			
			High	Price	Gain	Ann'l Total																
			Low	30	(+25%)	17%																
Insider Decisions																						
Institutional Decisions																						
			4Q2008	1Q2009	2Q2009	Percent																
			to Buy	83	83	86	shares															
			to Sell	75	71	71	traded															
			Mid's (\$00)	32362	32859	32802																
			1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
			25.68	28.16	23.03	24.09	26.73	30.17	30.24	32.61	42.98	39.68	35.96	40.14	43.59	48.47	50.28	48.53	39.55	41.50	Revenues per sh	52.00
			3.24	5.09	2.65	3.00	3.85	4.48	4.45	4.57	4.79	5.07	5.11	5.57	5.20	5.97	6.21	5.76	5.95	6.15	"Cash Flow" per sh	7.30
			.63	1.22	.10	.25	.77	1.65	1.27	1.21	1.15	1.16	1.13	1.66	1.25	1.98	1.95	1.39	1.75	1.90	Earnings per sh A	2.30
			.74	.80	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.86	.90	.95	1.00	Div'ds Decl'd per sh B=I	1.15
			5.43	6.64	6.79	8.19	6.19	6.40	7.41	7.04	8.17	8.50	7.03	8.23	7.49	8.27	7.96	6.79	5.50	5.95	Cap'l Spending per sh	7.20
			15.96	16.38	14.55	14.20	14.09	15.67	16.31	16.82	17.27	17.91	18.42	19.18	19.10	21.58	22.98	23.49	25.25	26.05	Book Value per sh	28.00
			21.00	21.28	24.47	26.73	27.39	30.41	30.99	31.71	32.49	33.29	34.23	36.79	39.33	41.77	42.81	44.19	45.50	47.00	Common Shs Outst'g C	50.00
			26.5	14.0	NMF	69.3	24.1	13.2	21.1	16.0	19.0	19.9	19.2	14.3	20.6	15.9	17.3	20.3	Bold figures are		Avg Ann'l P/E Ratio	15.0
			1.57	.92	NMF	4.34	1.39	.69	1.20	1.04	.97	1.09	1.09	.76	1.10	.86	.92	1.22	1.22	1.22	Relative P/E Ratio	1.00
			4.4%	4.7%	5.4%	4.7%	4.4%	3.8%	3.1%	4.2%	3.8%	3.6%	3.8%	3.5%	3.2%	2.6%	2.8%	3.2%	3.2%	3.2%	Avg Ann'l Div'd Yield	3.3%
CAPITAL STRUCTURE as of 6/30/09																						
Total Debt \$1228.0 mill. Due in 5 Yrs \$566.1 mill.																						
LT Debt \$1222.9 mill. LT Interest \$85.0 mill.																						
(Total interest coverage: 2.2x)																						
Leases, Uncapitalized Annual rentals \$6.0 mill.																						
Pension Assets-12/08 \$342.9 mill.																						
Oblig. \$558.9 mill.																						
Pfd Stock None																						
Common Stock 44,822,466 shs.																						
as of 7/30/09																						
MARKET CAP: \$1.1 billion (Mid Cap)																						
CURRENT POSITION (SMILL.)																						
Cash Assets																						
Other																						
Current Assets																						
Accts Payable																						
Debt Due																						
Other																						
Current Liab.																						
Fix. Chg. Cov.																						
ANNUAL RATES																						
of change (per sh)																						
Revenues																						
"Cash Flow"																						
Earnings																						
Dividends																						
Book Value																						
QUARTERLY REVENUES (\$ mill.)																						
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Jun.30																						
Sep.30																						
Dec.31																						
Full Year																						
2005																						
2006																						
2007																						
2008																						
2009																						

**BUSINESS:** Southwest Gas Corporation is a regulated gas distributor serving approximately 1.8 million customers in sections of Arizona, Nevada, and California. Comprised of two business segments: natural gas operations and construction services. 2008 margin mix: residential and small commercial, 86%; large commercial and industrial, 5%; transportation, 9%. Total throughput: 2.4 billion

**Southwest Gas reported unfavorable top-line performance for the second quarter.** The recent recession stymied customer growth and resulted in lower usage. On the bright side, rate relief in Arizona and California (discussed below) supported results. Consequently, the company's share loss of \$0.01 compared favorably with the prior-year tally. Losses are common during the second and third quarters, owing to the seasonal nature of the business. Looking forward, we expect lower revenue and a normal-sized share loss for the third quarter. Earnings comparisons ought to improve in the fourth quarter, assuming a better operating environment and greater cost control. Overall, we anticipate lower revenue and higher share earnings for Southwest in full-year 2009. Bottom-line growth may well continue next year.

**The company is awaiting a rate case decision from the state of Nevada.** Southwest is seeking a \$30.5 million rate increase to compensate it for higher operating costs in that state. The request asks that the new rates take effect at the beginning of November. The company is also

seeking an improvement in rate design. Specifically, SWX wants to implement a decoupled rate structure that would allow it more freedom in pursuing customer conservation opportunities. This follows recent prior rate case settlements in California and Arizona.

**Investors should be mindful of several caveats.** Warmer-than-normal temperatures during the winter months can hurt performance at Southwest Gas. In addition, the company will probably incur greater operating costs as it continues to expand, and profitability may suffer if rate relief cannot keep up with rising expenses.

**The pace of customer growth should pick up in the future.** That's assuming economic conditions in Southwest's service areas improve in the coming years. As a result, we anticipate higher revenues and share earnings at the company by 2012-2014. Moreover, income-oriented investors may find the stock's prospects for dividend growth attractive. But from the present quotation, this neutrally ranked equity features about-average total return potential for a utility.

*Michael Napoli, CPA* September 11, 2009











## **ATTACHMENT C**



**AMERICAN STS WTR CO (NYSE)**

Scottrade

AWR 32.67 ▼-0.35 (-1.06%) Vol. 33,483

11:38 ET

American States is a public utility company engaged principally in the purchase, production, distribution and sale of water. The company also distributes electricity in some communities. In the customer service areas for both water and electric, rates and operations are subject to the jurisdiction of the California Public Utilities Commission.


**General Information**

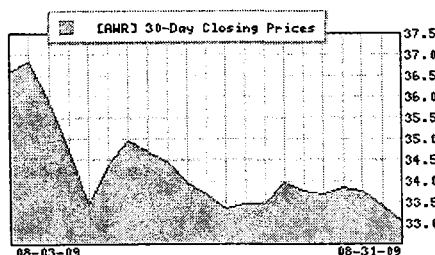
AMER STATES WTR  
630 East Foothill Boulevard  
San Dimas, CA 91773-1212  
Phone: 909 394-3600  
Fax: 909 394-0711  
Web: www.gswater.com  
Email: investorinfo@aswater.com

Industry UTIL-WATER  
Sector: SPLY  
Utilities

Fiscal Year End December  
Last Reported Quarter 06/30/09  
Next EPS Date 11/05/2009

**Price and Volume Information**

Zacks Rank   
Yesterday's Close 33.02  
52 Week High 41.20  
52 Week Low 27.00  
Beta 0.34  
20 Day Moving Average 81,454.70  
Target Price Consensus 39.5

**% Price Change**

4 Week -9.71  
12 Week -2.91  
YTD 0.12

**% Price Change Relative to S&P 500**

4 Week -11.30  
12 Week -10.66  
YTD -11.07

**Share Information**

Shares Outstanding 18.33 (millions)  
Market Capitalization 605.19 (millions)  
Short Ratio 7.03  
Last Split Date 06/10/2002

**Dividend Information**

Dividend Yield 3.03%  
Annual Dividend \$1.00  
Payout Ratio 0.58  
Change in Payout Ratio 0.00  
Last Dividend Payout / Amount 08/07/2009 / \$0.25

**EPS Information**

Current Quarter EPS Consensus Estimate 0.51  
Current Year EPS Consensus Estimate 1.72  
Estimated Long-Term EPS Growth Rate 7.00  
Next EPS Report Date 11/05/2009

**Consensus Recommendations**

Current (1=Strong Buy, 5=Strong Sell) 2.33  
30 Days Ago 2.33  
60 Days Ago 1.67  
90 Days Ago 1.67

**Fundamental Ratios****P/E**

Current FY Estimate: 19.17  
Trailing 12 Months: 19.31  
PEG Ratio 2.74

**EPS Growth**

vs. Previous Year 19.17  
vs. Previous Quarter 19.31

**Sales Growth**

vs. Previous Year 18.52%  
vs. Previous Quarter: 128.57%

**Price Ratios**

Price/Book 1.71

**ROE**

06/30/09

**ROA**

06/30/09 9.40

2.83



Price/Cash Flow	8.77	03/31/09	9.02	03/31/09	2.68
Price / Sales	1.77	12/31/08	9.20	12/31/08	2.80
<b>Current Ratio</b>		<b>Quick Ratio</b>		<b>Operating Margin</b>	
06/30/09	1.10	06/30/09	1.08	06/30/09	8.83
03/31/09	0.82	03/31/09	0.80	03/31/09	8.51
12/31/08	0.66	12/31/08	0.64	12/31/08	8.91
<b>Net Margin</b>		<b>Pre-Tax Margin</b>		<b>Book Value</b>	
06/30/09	10.59	06/30/09	10.59	06/30/09	19.31
03/31/09	9.75	03/31/09	9.75	03/31/09	18.01
12/31/08	11.10	12/31/08	11.10	12/31/08	17.96
<b>Inventory Turnover</b>		<b>Debt-to-Equity</b>		<b>Debt to Capital</b>	
06/30/09	51.08	06/30/09	0.87	06/30/09	46.39
03/31/09	52.72	03/31/09	0.98	03/31/09	49.56
12/31/08	54.08	12/31/08	0.86	12/31/08	46.19



**CALIFORNIA WTR SVC GROUP (NYSE)****Scottrade**

CWT 36.93 -0.29 (-0.78%) Vol. 30,121 11:41 ET

California Water Service Company's business, which is carried on through its operating subsidiaries, consists of the production, purchase, storage, purification, distribution and sale of water for domestic, industrial, public and irrigation uses, and for fire protection. It also provides water related services under agreements with municipalities and other private companies. The nonregulated services include full water system operation, and billing and meter reading services.


**General Information****CALIF WATER SVC**

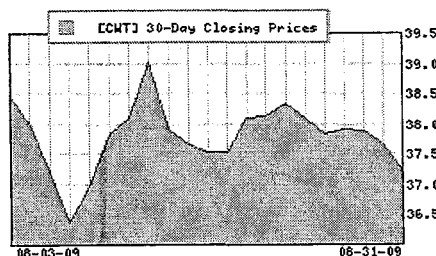
1720 North First Street  
San Jose, CA 95112  
Phone: 408 367-8200  
Fax: 408 437-9185  
Web: [www.calwatergroup.com](http://www.calwatergroup.com)  
Email: [klichtenbergl@calwater.com](mailto:klichtenbergl@calwater.com)

Industry UTIL-WATER  
Sector: SPLY  
Utilities

Fiscal Year End December  
Last Reported Quarter 06/30/09  
Next EPS Date 10/28/2009

**Price and Volume Information**

Zacks Rank   
Yesterday's Close 37.22  
52 Week High 48.28  
52 Week Low 27.68  
Beta 0.47  
20 Day Moving Average 106,020.45  
Target Price Consensus 47

**% Price Change**

4 Week -3.20  
12 Week 2.96  
YTD -19.84

**% Price Change Relative to S&P 500**

4 Week -4.91  
12 Week -5.26  
YTD -28.80

**Share Information**

Shares Outstanding (millions) 20.75  
Market Capitalization (millions) 772.13  
Short Ratio 4.26  
Last Split Date 01/26/1998

**Dividend Information**

Dividend Yield 3.17%  
Annual Dividend \$1.18  
Payout Ratio 0.56  
Change in Payout Ratio 0.00  
Last Dividend Payout / Amount 08/06/2009 / \$0.29

**EPS Information**

Current Quarter EPS Consensus Estimate 1.05  
Current Year EPS Consensus Estimate 2.10  
Estimated Long-Term EPS Growth Rate 8.20  
Next EPS Report Date 10/28/2009

**Consensus Recommendations**

Current (1=Strong Buy, 5=Strong Sell) 2.00  
30 Days Ago 2.00  
60 Days Ago 1.83  
90 Days Ago 1.83

**Fundamental Ratios**

P/E	EPS Growth	Sales Growth
Current FY Estimate: 17.75	vs. Previous Year 20.83%	vs. Previous Year 10.50%
Trailing 12 Months: 17.64	vs. Previous Quarter 383.33%	vs. Previous Quarter: 34.70%
PEG Ratio 2.17		



Price Ratios		ROE		ROA		
Price/Book	1.90	06/30/09		10.94	06/30/09	3.12
Price/Cash Flow	9.64	03/31/09		10.58	03/31/09	3.14
Price / Sales	1.77	12/31/08		10.14	12/31/08	3.10
Current Ratio		Quick Ratio		Operating Margin		
06/30/09	1.23	06/30/09		1.18	06/30/09	10.12
03/31/09	0.56	03/31/09		0.52	03/31/09	9.92
12/31/08	0.65	12/31/08		0.61	12/31/08	9.70
Net Margin		Pre-Tax Margin		Book Value		
06/30/09	16.26	06/30/09		16.26	06/30/09	19.56
03/31/09	15.95	03/31/09		15.95	03/31/09	19.28
12/31/08	15.67	12/31/08		15.67	12/31/08	19.45
Inventory Turnover		Debt-to-Equity		Debt to Capital		
06/30/09	38.87	06/30/09		0.95	06/30/09	48.59
03/31/09	36.94	03/31/09		0.72	03/31/09	41.82
12/31/08	34.10	12/31/08		0.71	12/31/08	41.64



**AQUA AMERICA INC (NYSE)**

Scottrade

WTR 16.70 ▼-0.15 (-0.89%) Vol. 272,563

12:03 ET

Aqua America is the largest publicly-traded U.S.-based water utility serving residents in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, New York, South Carolina and Kentucky. The company has been committed to the preservation and improvement of the environment throughout its history, which spans more than 100 years.

**General Information**

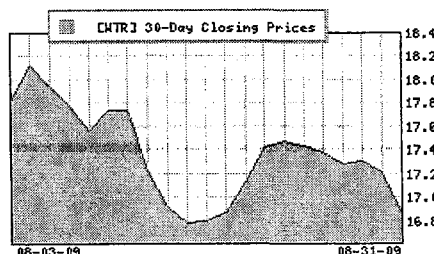
AQUA AMER INC  
762 W Lancaster Avenue  
Bryn Mawr, PA 19010-3489  
Phone: 610 527-8000  
Fax: 610-645-1061  
Web: [www.suburbanwater.com](http://www.suburbanwater.com)  
Email: [ir.aquaamerica.com](mailto:ir.aquaamerica.com)

Industry UTIL-WATER  
Sector SPLY  
Utilities

Fiscal Year End December  
Last Reported Quarter 06/30/09  
Next EPS Date 11/04/2009

**Price and Volume Information**

Zacks Rank **2**  
Yesterday's Close 16.85  
52 Week High 22.00  
52 Week Low 12.20  
Beta 0.14  
20 Day Moving Average 813,841.13  
Target Price Consensus 22.14



% Price Change		% Price Change Relative to S&P 500	
4 Week	-5.44	4 Week	-7.11
12 Week	1.51	12 Week	-6.60
YTD	-18.16	YTD	-26.63

**Share Information**

Shares Outstanding 135.65  
Market Capitalization 2,285.69  
Short Ratio 14.51  
Last Split Date 12/02/2005

**Dividend Information**

Dividend Yield 3.20%  
Annual Dividend \$0.54  
Payout Ratio 0.69  
Change in Payout Ratio 0.00  
Last Dividend Payout / Amount 08/13/2009 / \$0.14

**EPS Information**

Current Quarter EPS Consensus Estimate 0.28  
Current Year EPS Consensus Estimate 0.83  
Estimated Long-Term EPS Growth Rate 7.50  
Next EPS Report Date 11/04/2009

**Consensus Recommendations**

Current (1=Strong Buy, 5=Strong Sell) 1.80  
30 Days Ago 1.89  
60 Days Ago 2.11  
90 Days Ago 2.11

**Fundamental Ratios**

P/E	EPS Growth	Sales Growth
Current FY Estimate: 20.36	vs. Previous Year 11.76%	vs. Previous Year 11.00%
Trailing 12 Months: 21.60	vs. Previous Quarter 35.71%	vs. Previous Quarter: 8.32%
PEG Ratio 2.71		

**Price Ratios****ROE****ROA**



Price/Book	2.12	06/30/09	9.95	06/30/09	3.04
Price/Cash Flow	11.82	03/31/09	9.77	03/31/09	2.99
Price / Sales	3.47	12/31/08	9.58	12/31/08	2.93
<b>Current Ratio</b>			<b>Quick Ratio</b>		<b>Operating Margin</b>
06/30/09	0.60	06/30/09	0.55	06/30/09	15.97
03/31/09	0.60	03/31/09	0.55	03/31/09	15.87
12/31/08	0.63	12/31/08	0.58	12/31/08	15.62
<b>Net Margin</b>			<b>Pre-Tax Margin</b>		<b>Book Value</b>
06/30/09	26.47	06/30/09	26.47	06/30/09	7.94
03/31/09	26.37	03/31/09	26.37	03/31/09	7.86
12/31/08	25.92	12/31/08	25.92	12/31/08	7.85
<b>Inventory Turnover</b>			<b>Debt-to-Equity</b>		<b>Debt to Capital</b>
06/30/09	39.75	06/30/09	1.14	06/30/09	53.25
03/31/09	31.95	03/31/09	1.15	03/31/09	53.52
12/31/08	24.96	12/31/08	1.18	12/31/08	54.15



**AGL RESOURCES INC (NYSE)****Scottrade**

AGL	33.14	▼-0.27	(-0.81%)	Vol. 149,426	14:17 ET
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AGL Resources principal business is the distribution of natural gas to customers in central, northwest, northeast and southeast Georgia and the Chattanooga, Tennessee area through its natural gas distribution subsidiary. AGL's major service area is the ten county metropolitan Atlanta area.


**General Information**

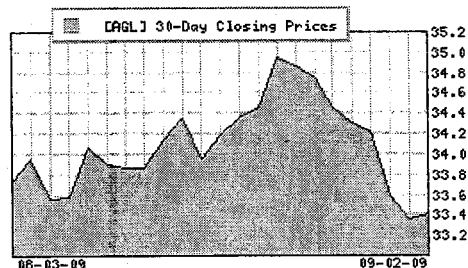
**AGL RESOURCES**  
 Ten Peachtree Place NE  
 Atlanta, GA 30309  
 Phone: 404 584-4000  
 Fax: 404 584-3945  
 Web: www.aglresources.com  
 Email: scave@aglresources.com

Industry: UTIL-GAS DISTR  
 Sector: Utilities

Fiscal Year End: December  
 Last Reported Quarter: 06/30/09  
 Next EPS Date: 10/22/2009

**Price and Volume Information**

Zacks Rank   
 Yesterday's Close: 33.41  
 52 Week High: 35.01  
 52 Week Low: 24.02  
 Beta: 0.40  
 20 Day Moving Average: 276,238.81  
 Target Price Consensus: 35

**% Price Change**

4 Week: -0.45  
 12 Week: 7.77  
 YTD: 6.57

**% Price Change Relative to S&P 500**

4 Week: 0.35  
 12 Week: 1.75  
 YTD: -4.18

**Share Information**

Shares Outstanding: 77.28 (millions)  
 Market Capitalization: 2,581.89 (millions)  
 Short Ratio: 3.03  
 Last Split Date: 12/04/1995

**Dividend Information**

Dividend Yield: 5.15%  
 Annual Dividend: \$1.72  
 Payout Ratio: 0.56  
 Change in Payout Ratio: 0.00  
 Last Dividend Payout / Amount: 08/12/2009 / \$0.43

**EPS Information**

Current Quarter EPS Consensus Estimate: 0.21  
 Current Year EPS Consensus Estimate: 2.70  
 Estimated Long-Term EPS Growth Rate: 5.30  
 Next EPS Report Date: 10/22/2009

**Consensus Recommendations**

Current (1=Strong Buy, 5=Strong Sell): 2.20  
 30 Days Ago: 2.20  
 60 Days Ago: 2.20  
 90 Days Ago: 2.20

**Fundamental Ratios****P/E**

Current FY Estimate: 12.37  
 Trailing 12 Months: 10.92  
 PEG Ratio: 2.36

**EPS Growth**

vs. Previous Year: -13.33%  
 vs. Previous Quarter: -83.23%

**Sales Growth**

vs. Previous Year: -15.09%  
 vs. Previous Quarter: -62.11%

**Price Ratios**

Price/Book: 1.47  
 Price/Cash Flow: 03/31/09

**ROE**

06/30/09: 13.60  
 03/31/09: 3.68

**ROA**

06/30/09: 3.68  
 03/31/09: 3.68



	7.14		13.92		3.66
Price / Sales	0.95	12/31/08	12.23	12/31/08	3.20
<b>Current Ratio</b>		<b>Quick Ratio</b>		<b>Operating Margin</b>	
06/30/09	1.03	06/30/09	0.61	06/30/09	8.63
03/31/09	1.06	03/31/09	0.80	03/31/09	8.53
12/31/08	1.03	12/31/08	0.70	12/31/08	7.41
<b>Net Margin</b>		<b>Pre-Tax Margin</b>		<b>Book Value</b>	
06/30/09	17.12	06/30/09	17.12	06/30/09	22.79
03/31/09	14.84	03/31/09	14.84	03/31/09	22.87
12/31/08	12.46	12/31/08	12.46	12/31/08	21.52
<b>Inventory Turnover</b>		<b>Debt-to-Equity</b>		<b>Debt to Capital</b>	
06/30/09	3.70	06/30/09	0.95	06/30/09	48.78
03/31/09	3.45	03/31/09	0.95	03/31/09	48.72
12/31/08	3.35	12/31/08	1.01	12/31/08	50.82



**ATMOS ENERGY CORP (NYSE)****Scottrade**

ATO 27.01 ▼-0.07

(-0.26%)

Vol. 303,496

14:18 ET

Atmos Energy Corporation distributes and sells natural gas to residential, commercial, industrial, agricultural and other customers. Atmos operates through five divisions in cities, towns and communities in service areas located in Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Missouri, South Carolina, Tennessee, Texas and Virginia. The Company has entered into an agreement to sell all of its natural gas utility operations in South Carolina. The Company also transports natural gas for others through its distribution system.

**General Information****ATMOS ENERGY CP**

Three Lincoln Centre 5430 Lbj Freeway

Suite 1800

Dallas, TX 75240

Phone: 972-934-9227

Fax: 972-855-3040

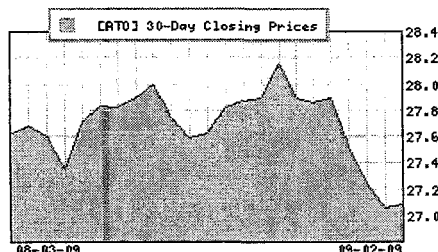
Web: [www.atmosenergy.com](http://www.atmosenergy.com)Email: [InvestorRelations@atmosenergy.com](mailto:InvestorRelations@atmosenergy.com)

Industry UTIL-GAS DISTR  
Sector: Utilities

Fiscal Year End September  
Last Reported Quarter 06/30/09  
Next EPS Date 11/10/2009

**Price and Volume Information**

Zacks Rank **P**  
Yesterday's Close 27.08  
52 Week High 28.66  
52 Week Low 19.68  
Beta 0.51  
20 Day Moving Average 545,155.56  
Target Price Consensus 28.92

**% Price Change**

4 Week -1.88  
12 Week 9.99  
YTD 14.26

**% Price Change Relative to S&P 500**

4 Week -1.10  
12 Week 3.84  
YTD 1.97

**Share Information**

Shares Outstanding (millions) 92.27  
Market Capitalization (millions) 2,498.73  
Short Ratio 4.00  
Last Split Date 05/17/1994

**Dividend Information**

Dividend Yield 4.87%  
Annual Dividend \$1.32  
Payout Ratio 0.62  
Change in Payout Ratio 0.00  
Last Dividend Payout / Amount 08/21/2009 / \$0.33

**EPS Information**

Current Quarter EPS Consensus Estimate -0.10  
Current Year EPS Consensus Estimate 2.10  
Estimated Long-Term EPS Growth Rate 5.00  
Next EPS Report Date 11/10/2009

**Consensus Recommendations**

Current (1=Strong Buy, 5=Strong Sell) 2.57  
30 Days Ago 2.57  
60 Days Ago 2.57  
90 Days Ago 2.57

**Fundamental Ratios**

P/E	EPS Growth	Sales Growth
Current FY Estimate: 12.90	vs. Previous Year	14.29% vs. Previous Year
Trailing 12 Months: 12.77	vs. Previous Quarter	-104.51% vs. Previous Quarter:
PEG Ratio 2.58		-57.13%



Price Ratios		ROE		ROA		
Price/Book	1.14	06/30/09		9.14	06/30/09	2.99
Price/Cash Flow	6.45	03/31/09		9.16	03/31/09	2.93
Price / Sales	0.43	12/31/08		8.73	12/31/08	2.81
Current Ratio		Quick Ratio		Operating Margin		
06/30/09	1.24	06/30/09		0.74	06/30/09	3.37
03/31/09	1.15	03/31/09		0.90	03/31/09	2.91
12/31/08	0.83	12/31/08		0.55	12/31/08	2.51
Net Margin		Pre-Tax Margin		Book Value		
06/30/09	5.55	06/30/09		5.55	06/30/09	23.82
03/31/09	4.61	03/31/09		4.61	03/31/09	23.70
12/31/08	4.05	12/31/08		4.05	12/31/08	22.70
Inventory Turnover		Debt-to-Equity		Debt to Capital		
06/30/09	11.62	06/30/09		0.99	06/30/09	49.75
03/31/09	11.66	03/31/09		1.00	03/31/09	49.89
12/31/08	12.20	12/31/08		0.83	12/31/08	45.28



**LACLEDE GROUP INC (NYSE)****Scottrade**

LG	32.72	-0.11	(0.34%)	Vol. 96,090	14:17 ET
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The Laclede Group, Inc. is a public utility engaged in the retail distribution and transportation of natural gas. The Company, which is subject to the jurisdiction of the Missouri Public Service Commission, serves the City of St. Louis, St. Louis County, the City of St. Charles, St. Charles County, the town of Arnold, and parts of Franklin, Jefferson, St. Francois, Ste. Genevieve, Iron, Madison and Butler Counties, all in Missouri.


**General Information****LACLEDE GRP INC**

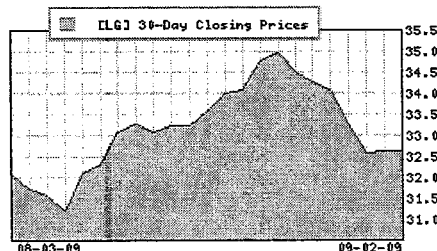
720 Olive Street  
St. Louis, MO 63101  
Phone: 314-342-0500  
Fax: 314-421-1979  
Web: www.thelacledegroupp.com  
Email: mkullman@lacledegas.com

Industry: UTIL-GAS DISTR  
Sector: Utilities

Fiscal Year End: September  
Last Reported Quarter: 06/30/09  
Next EPS Date: 10/22/2009

**Price and Volume Information**

Zacks Rank:   
Yesterday's Close: 32.61  
52 Week High: 55.81  
52 Week Low: 29.26  
Beta: 0.02  
20 Day Moving Average: 163,758.84  
Target Price Consensus: 35

**% Price Change**

4 Week: 3.29  
12 Week: -2.37  
YTD: -30.38

**% Price Change Relative to S&P 500**

4 Week: 4.12  
12 Week: -7.82  
YTD: -37.67

**Share Information**

Shares Outstanding (millions): 22.17  
Market Capitalization (millions): 722.87  
Short Ratio: 2.21  
Last Split Date: 03/08/1994

**Dividend Information**

Dividend Yield: 4.72%  
Annual Dividend: \$1.54  
Payout Ratio: 0.52  
Change in Payout Ratio: 0.00  
Last Dividend Payout / Amount: 06/09/2009 / \$0.38

**EPS Information**

Current Quarter EPS Consensus Estimate: -0.18  
Current Year EPS Consensus Estimate: 2.89  
Estimated Long-Term EPS Growth Rate: 3.00  
Next EPS Report Date: 10/22/2009

**Consensus Recommendations**

Current (1=Strong Buy, 5=Strong Sell): 3.25  
30 Days Ago: 3.25  
60 Days Ago: 2.75  
90 Days Ago: 3.25

**Fundamental Ratios****P/E**

Current FY Estimate:

11.28

**EPS Growth**

vs. Previous Year

-26.19%

**Sales Growth**

vs. Previous Year

-38.68%

Trailing 12 Months:

10.91

vs. Previous Quarter

-77.86%

vs. Previous Quarter:

-52.97%

PEG Ratio

3.76

**Price Ratios**

Price/Book

1.36

**ROE**

06/30/09

**ROA**

12.78 06/30/09

3.71



Price/Cash Flow	7.59	03/31/09	13.53	03/31/09	3.89
Price / Sales	0.35	12/31/08	13.74	12/31/08	3.89
<b>Current Ratio</b>			<b>Operating Margin</b>		
06/30/09	1.24	06/30/09	0.98	06/30/09	3.14
03/31/09	1.17	03/31/09	0.99	03/31/09	2.97
12/31/08	1.14	12/31/08	0.74	12/31/08	2.83
<b>Net Margin</b>			<b>Book Value</b>		
06/30/09	4.81	06/30/09	4.81	06/30/09	23.97
03/31/09	4.46	03/31/09	4.46	03/31/09	24.11
12/31/08	4.20	12/31/08	4.20	12/31/08	22.98
<b>Inventory Turnover</b>			<b>Debt to Capital</b>		
06/30/09	10.99	06/30/09	0.73	06/30/09	42.30
03/31/09	11.65	03/31/09	0.73	03/31/09	42.17
12/31/08	12.60	12/31/08	0.77	12/31/08	43.33



**NEW JERSEY RES (NYSE)****Scottrade**

<b>NJR</b>	<b>35.86</b>	<b>▼ -0.42</b>	<b>(-1.16%)</b>	<b>Vol. 105,745</b>	<b>14:19 ET</b>
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NJ RESOURCES is an exempt energy svcs holding company providing retail & wholesale natural gas & related energy services to customers from the Gulf Coast to New England. Subsidiaries include: (1) N J Natural Gas Co, a natural gas distribution company that provides regulated energy & appliance services to residential, commercial & industrial customers in central & northern N.J. (2) NJR Energy Holdings Corp formerly NJR Energy Svcs Corp & (3) NJR Development Corp, a sub-holding company of NJR, which includes the Company's remaining unregulated operating subsidiaries.

**General Information****NJ RESOURCES**

1415 Wyckoff Road

Wall, NJ 07719

Phone: 732-938-1489


Fax: 732 938-3154

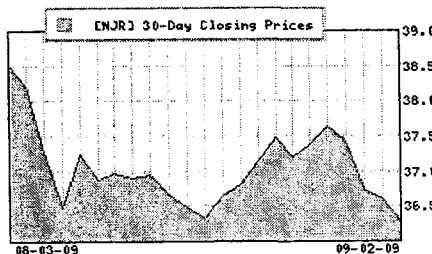
Web: [www.njresources.com](http://www.njresources.com)Email: [investcont@njresources.com](mailto:investcont@njresources.com)

Industry	UTIL-GAS DISTR
Sector:	Utilities

Fiscal Year End	September
Last Reported Quarter	06/30/09
Next EPS Date	11/05/2009

**Price and Volume Information**

Zacks Rank	
Yesterday's Close	36.28
52 Week High	42.37
52 Week Low	21.90
Beta	0.14
20 Day Moving Average	262,662.94
Target Price Consensus	42

**% Price Change**

4 Week	-2.68
12 Week	2.54
YTD	-7.80

**% Price Change Relative to S&P 500**

4 Week	-1.90
12 Week	-3.19
YTD	-16.52

**Share Information**

Shares Outstanding (millions)	42.01
Market Capitalization (millions)	1,524.30
Short Ratio	7.77
Last Split Date	03/04/2008

**Dividend Information**

Dividend Yield	3.42%
Annual Dividend	\$1.24
Payout Ratio	0.59
Change in Payout Ratio	0.00
Last Dividend Payout / Amount	06/11/2009 / \$0.31

**EPS Information**

Current Quarter EPS Consensus Estimate	-0.12
Current Year EPS Consensus Estimate	2.39
Estimated Long-Term EPS Growth Rate	6.00
Next EPS Report Date	11/05/2009

**Consensus Recommendations**

Current (1=Strong Buy, 5=Strong Sell)	1.67
30 Days Ago	1.67
60 Days Ago	1.67
90 Days Ago	1.67

**Fundamental Ratios**

P/E	EPS Growth	Sales Growth
Current FY Estimate:	15.19 vs. Previous Year	130.00% vs. Previous Year
Trailing 12 Months:	17.28 vs. Previous Quarter	-98.24% vs. Previous Quarter:
PEG Ratio	2.53	-55.91%
		-52.96%



Price Ratios		ROE		ROA	
Price/Book	2.12	06/30/09		12.20	06/30/09
Price/Cash Flow	11.45	03/31/09		11.73	03/31/09
Price / Sales	0.51	12/31/08		12.89	12/31/08
Current Ratio		Quick Ratio		Operating Margin	
06/30/09	1.23	06/30/09		0.88	06/30/09
03/31/09	1.17	03/31/09		1.07	03/31/09
12/31/08	1.17	12/31/08		0.76	12/31/08
Net Margin		Pre-Tax Margin		Book Value	
06/30/09	5.66	06/30/09		5.66	06/30/09
03/31/09	5.26	03/31/09		5.26	03/31/09
12/31/08	3.89	12/31/08		3.89	12/31/08
Inventory Turnover		Debt-to-Equity		Debt to Capital	
06/30/09	9.78	06/30/09		0.63	06/30/09
03/31/09	10.09	03/31/09		0.61	03/31/09
12/31/08	9.51	12/31/08		0.63	12/31/08



**NICOR INC (NYSE)**

Scottrade

GAS 35.37 -0.25 (-0.70%) Vol. 131,355

14:20 ET

Nicor Inc. is a holding company and is a member of the Standard & Poor's 500 Index. Its primary business is Nicor Gas, one of the nation's largest natural gas distribution companies. Nicor owns Tropical Shipping, a containerized shipping business serving the Caribbean region and the Bahamas. In addition, the company owns and has an equity interest in several energy-related businesses.

**General Information**

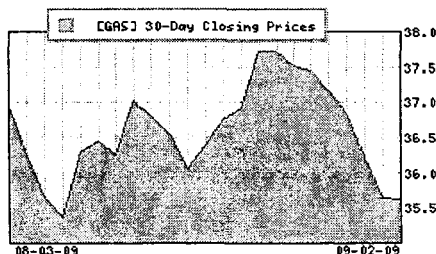
**NICOR INC**  
1844 Ferry Road  
Naperville, IL 60563-9600  
Phone: 630-305-9500  
Fax: 630-983-9328  
Web: www.nicor.com  
Email: None

Industry: UTIL-GAS DISTR  
Sector: Utilities

Fiscal Year End: December  
Last Reported Quarter: 06/30/09  
Next EPS Date: 11/09/2009

**Price and Volume Information**

Zacks Rank:   
Yesterday's Close: 35.62  
52 Week High: 51.99  
52 Week Low: 27.50  
Beta: 0.34  
20 Day Moving Average: 362,085.25  
Target Price Consensus: 40.5

**% Price Change**

4 Week: -0.08  
12 Week: 3.52  
YTD: 2.53

**% Price Change Relative to S&P 500**

4 Week: 0.72  
12 Week: -2.27  
YTD: -6.91

**Share Information**

Shares Outstanding (millions): 45.22  
Market Capitalization (millions): 1,610.81  
Short Ratio: 4.93  
Last Split Date: 04/27/1993

**Dividend Information**

Dividend Yield: 5.22%  
Annual Dividend: \$1.86  
Payout Ratio: 0.73  
Change in Payout Ratio: 0.00  
Last Dividend Payout / Amount: 06/26/2009 / \$0.47

**EPS Information**

Current Quarter EPS Consensus Estimate: 0.17  
Current Year EPS Consensus Estimate: 2.58  
Estimated Long-Term EPS Growth Rate: 4.20  
Next EPS Report Date: 11/09/2009

**Consensus Recommendations**

Current (1=Strong Buy, 5=Strong Sell): 3.00  
30 Days Ago: 3.00  
60 Days Ago: 3.00  
90 Days Ago: 3.00

**Fundamental Ratios**

P/E	EPS Growth	Sales Growth
Current FY Estimate: 13.80	vs. Previous Year: -21.87%	vs. Previous Year: -36.04%
Trailing 12 Months: 14.02	vs. Previous Quarter: -47.92%	vs. Previous Quarter: -59.70%
PEG Ratio: 3.30		
Price Ratios	ROE	ROA
Price/Book: 1.60	06/30/09: 11.78	06/30/09: 2.59



Price/Cash Flow	5.20	03/31/09	12.46	03/31/09	2.67
Price / Sales	0.53	12/31/08	12.31	12/31/08	2.62
<b>Current Ratio</b>			<b>Quick Ratio</b>		<b>Operating Margin</b>
06/30/09	0.76	06/30/09	0.73	06/30/09	3.81
03/31/09	0.78	03/31/09	0.77	03/31/09	3.70
12/31/08	0.80	12/31/08	0.68	12/31/08	3.16
<b>Net Margin</b>			<b>Pre-Tax Margin</b>		<b>Book Value</b>
06/30/09	5.46	06/30/09	5.46	06/30/09	22.25
03/31/09	5.21	03/31/09	5.21	03/31/09	22.16
12/31/08	4.34	12/31/08	4.34	12/31/08	21.53
<b>Inventory Turnover</b>			<b>Debt-to-Equity</b>		<b>Debt to Capital</b>
06/30/09	14.05	06/30/09	0.50	06/30/09	33.12
03/31/09	15.05	03/31/09	0.45	03/31/09	30.91
12/31/08	18.16	12/31/08	0.46	12/31/08	31.52



**NORTHWEST NAT GAS CO (NYSE)****Scottrade**

NWN 41.61 ▼-0.40 (-0.95%) Vol. 41,965

14:21 ET

NW Natural is principally engaged in the distribution of natural gas. The Oregon Public Utility Commission (OPUC) has allocated to NW Natural as its exclusive service area a major portion of western Oregon, including the Portland metropolitan area, most of the fertile Willamette Valley and the coastal area from Astoria to Coos Bay. NW Natural also holds certificates from the Washington Utilities and Transportation Commission (WUTC) granting it exclusive rights to serve portions of three Washington counties bordering the Columbia River.

**General Information****NORTHWEST NAT G**

220 NW Second Avenue

Portland, OR 97209

Phone: 503 226-4211

Fax: 503 273-4824


Web: www.nwnatural.com

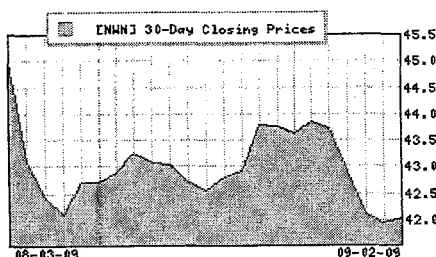
Email: Bob.Hess@nwnatural.com

Industry UTIL-GAS DISTR  
Sector: Utilities

Fiscal Year End December  
Last Reported Quarter 06/30/09  
Next EPS Date 11/10/2009

**Price and Volume Information**

Zacks Rank   
Yesterday's Close 42.01  
52 Week High 55.44  
52 Week Low 36.61  
Beta 0.26  
20 Day Moving Average 121,510.20  
Target Price Consensus 51.25

**% Price Change**

4 Week -0.92  
12 Week -5.74  
YTD -5.02

**% Price Change Relative to S&P 500**

4 Week -0.13  
12 Week -11.01  
YTD -14.91

**Share Information**

Shares Outstanding 26.51 (millions)  
Market Capitalization 1,113.81 (millions)  
Short Ratio 12.58  
Last Split Date 09/09/1996

**Dividend Information**

Dividend Yield 3.76%  
Annual Dividend \$1.58  
Payout Ratio 0.57  
Change in Payout Ratio 0.00  
Last Dividend Payout / Amount 07/29/2009 / \$0.40

**EPS Information**

Current Quarter EPS Consensus Estimate -0.36  
Current Year EPS Consensus Estimate 2.70  
Estimated Long-Term EPS Growth Rate 6.00  
Next EPS Report Date 11/10/2009

**Consensus Recommendations**

Current (1=Strong Buy, 5=Strong Sell) 1.50  
30 Days Ago 1.50  
60 Days Ago 1.50  
90 Days Ago 1.50

**Fundamental Ratios****P/E**

Current FY Estimate:

15.55

**EPS Growth**

vs. Previous Year

0.00%

**Sales Growth**

vs. Previous Year

-22.06%

Trailing 12 Months:

15.11

vs. Previous Quarter

-93.30%

vs. Previous Quarter:

-65.92%

PEG Ratio

2.59

**Price Ratios****ROE****ROA**



Price/Book	1.69	06/30/09	11.51	06/30/09	3.26
Price/Cash Flow	7.84	03/31/09	11.69	03/31/09	3.37
Price / Sales	1.07	12/31/08	11.18	12/31/08	3.31
<b>Current Ratio</b>			<b>Quick Ratio</b>		<b>Operating Margin</b>
06/30/09	0.94	06/30/09	0.67	06/30/09	7.03
03/31/09	1.03	03/31/09	0.80	03/31/09	6.78
12/31/08	0.87	12/31/08	0.70	12/31/08	6.70
<b>Net Margin</b>			<b>Pre-Tax Margin</b>		<b>Book Value</b>
06/30/09	11.19	06/30/09	11.19	06/30/09	24.80
03/31/09	10.81	03/31/09	10.81	03/31/09	25.05
12/31/08	10.62	12/31/08	10.62	12/31/08	23.77
<b>Inventory Turnover</b>			<b>Debt-to-Equity</b>		<b>Debt to Capital</b>
06/30/09	8.96	06/30/09	0.89	06/30/09	47.18
03/31/09	10.10	03/31/09	0.88	03/31/09	46.93
12/31/08	11.16	12/31/08	0.81	12/31/08	44.90



**PIEDMONT NAT GAS INC (NYSE)****Scottrade**

PNY 24.04

▼ -0.13

(-0.54%)

Vol. 126,182

14:21 ET

Piedmont Natural Gas Co., Inc., is an energy and services company engaged in the transportation and sale of natural gas and the sale of propane to residential, commercial and industrial customers in North Carolina, South Carolina and Tennessee. The Company is the second-largest natural gas utility in the southeast. The Company and its non-utility subsidiaries and divisions are also engaged in acquiring, marketing and arranging for the transportation and storage of natural gas for large-volume purchasers, and in the sale of propane to customers in the Company's three-state service area.

**General Information****PIEDMONT NAT GA**

4720 Piedmont Row Drive

Charlotte, NC 28210

Phone: 704 364-3120

Fax: 704-365-3849

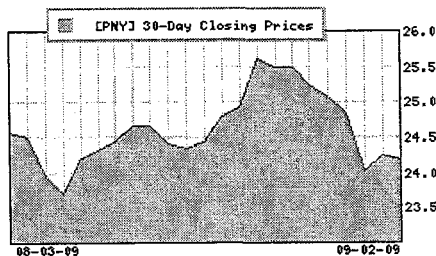
Web: [www.piedmontng.com](http://www.piedmontng.com)Email: [investorrelations@piedmontng.com](mailto:investorrelations@piedmontng.com)

Industry UTIL-GAS DISTR  
Sector: Utilities

Fiscal Year End October  
Last Reported Quarter 07/31/09  
Next EPS Date 09/09/2009

**Price and Volume Information**

Zacks Rank   
Yesterday's Close 24.17  
52 Week High 35.29  
52 Week Low 20.52  
Beta 0.18  
20 Day Moving Average 303,086.50  
Target Price Consensus 27.5

**% Price Change**

4 Week 0.96  
12 Week -2.34  
YTD -23.68

**% Price Change Relative to S&P 500**

4 Week 1.77  
12 Week -7.80  
YTD -31.12

**Share Information**

Shares Outstanding (millions) 72.96  
Market Capitalization (millions) 1,763.44  
Short Ratio 8.74  
Last Split Date 11/01/2004

**Dividend Information**

Dividend Yield 4.47%  
Annual Dividend \$1.08  
Payout Ratio 0.00  
Change in Payout Ratio 0.00  
Last Dividend Payout / Amount 06/23/2009 / \$0.27

**EPS Information**

Current Quarter EPS Consensus Estimate -0.11  
Current Year EPS Consensus Estimate 1.55  
Estimated Long-Term EPS Growth Rate 6.70  
Next EPS Report Date 09/09/2009

**Consensus Recommendations**

Current (1=Strong Buy, 5=Strong Sell) 2.33  
30 Days Ago 2.33  
60 Days Ago 2.67  
90 Days Ago 2.67

**Fundamental Ratios**

P/E	EPS Growth	Sales Growth
Current FY Estimate: 15.55	vs. Previous Year 10.61%	vs. Previous Year -28.19%
Trailing 12 Months: 15.39	vs. Previous Quarter -33.64%	vs. Previous Quarter: -41.58%
PEG Ratio 2.33		



Price Ratios		ROE		ROA	
Price/Book	1.83	07/31/09	-	07/31/09	-
Price/Cash Flow	8.55	04/30/09	12.17	04/30/09	3.66
Price / Sales	-	01/31/09	11.70	01/31/09	3.55
Current Ratio		Quick Ratio		Operating Margin	
07/31/09	-	07/31/09	-	07/31/09	-
04/30/09	1.07	04/30/09	0.88	04/30/09	5.97
01/31/09	0.99	01/31/09	0.76	01/31/09	5.22
Net Margin		Pre-Tax Margin		Book Value	
07/31/09	-	07/31/09	-	07/31/09	-
04/30/09	10.09	04/30/09	10.09	04/30/09	13.20
01/31/09	8.66	01/31/09	8.66	01/31/09	12.98
Inventory Turnover		Debt-to-Equity		Debt to Capital	
07/31/09	-	07/31/09	-	07/31/09	-
04/30/09	10.05	04/30/09	0.82	04/30/09	45.00
01/31/09	10.50	01/31/09	0.83	01/31/09	45.46



**SOUTH JERSEY INDS INC (NYSE)****Scottrade**

SJI 33.48

▼-0.37

(-1.09%)

Vol. 106,123

14:27 ET

South Jersey Inds Inc. is engaged in the business of operating, through subsidiaries, various business enterprises. The company's most significant subsidiary is South Jersey Gas Company (SJG). SJG is a public utility company engaged in the purchase, transmission and sale of natural gas for residential, commercial and industrial use. SJG also makes off-system sales of natural gas on a wholesale basis to various customers on the interstate pipeline system and transports natural gas.

**General Information****SOUTH JERSEY IN**

1 South Jersey Plaza

Folsom, NJ 08037

Phone: 609 561-9000

Fax: 609 561-8225


Web: www.sjindustries.com

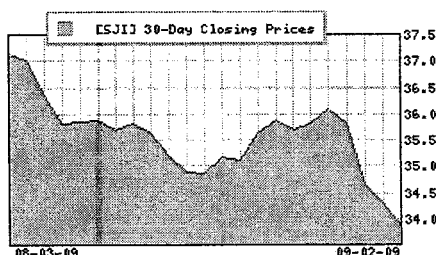
Email: investorrelations@sjindustries.com

Industry: UTIL-GAS DISTR  
Sector: Utilities

Fiscal Year End: December  
Last Reported Quarter: 06/30/09  
Next EPS Date: 11/05/2009

**Price and Volume Information**

Zacks Rank   
Yesterday's Close 33.85  
52 Week High 40.78  
52 Week Low 25.19  
Beta 0.22  
20 Day Moving Average 161,225.75  
Target Price Consensus 45.25

**% Price Change**

4 Week -6.85  
12 Week 0.92  
YTD -15.06

**% Price Change Relative to S&P 500**

4 Week -6.11  
12 Week -4.72  
YTD -21.09

**Share Information**

Shares Outstanding 29.80 (millions)  
Market Capitalization 1,008.59 (millions)  
Short Ratio 6.57  
Last Split Date 07/01/2005

**Dividend Information**

Dividend Yield 3.52%  
Annual Dividend \$1.19  
Payout Ratio 0.51  
Change in Payout Ratio 0.00  
Last Dividend Payout / Amount 06/08/2009 / \$0.30

**EPS Information**

Current Quarter EPS Consensus Estimate 0.06  
Current Year EPS Consensus Estimate 2.40  
Estimated Long-Term EPS Growth Rate 9.60  
Next EPS Report Date 11/05/2009

**Consensus Recommendations**

Current (1=Strong Buy, 5=Strong Sell) 1.75  
30 Days Ago 2.40  
60 Days Ago 2.50  
90 Days Ago 2.50

**Fundamental Ratios**

P/E	EPS Growth	Sales Growth
Current FY Estimate: 14.12	vs. Previous Year -42.31%	vs. Previous Year -1.00%
Trailing 12 Months: 14.59	vs. Previous Quarter -89.73%	vs. Previous Quarter: -62.87%
PEG Ratio 1.47		

**Price Ratios****ROE****ROA**



Price/Book	1.87	06/30/09	13.17	06/30/09	4.06
Price/Cash Flow	9.74	03/31/09	14.14	03/31/09	4.30
Price / Sales	1.03	12/31/08	13.56	12/31/08	4.16
<b>Current Ratio</b>			<b>Operating Margin</b>		
06/30/09	0.92	06/30/09	0.64	06/30/09	7.13
03/31/09	0.93	03/31/09	0.74	03/31/09	7.43
12/31/08	0.87	12/31/08	0.52	12/31/08	7.07
<b>Net Margin</b>			<b>Book Value</b>		
06/30/09	17.54	06/30/09	17.54	06/30/09	18.11
03/31/09	14.51	03/31/09	14.51	03/31/09	18.20
12/31/08	13.40	12/31/08	13.40	12/31/08	17.33
<b>Inventory Turnover</b>			<b>Debt to Capital</b>		
06/30/09	5.74	06/30/09	0.62	06/30/09	38.14
03/31/09	5.73	03/31/09	0.61	03/31/09	38.07
12/31/08	6.46	12/31/08	0.65	12/31/08	39.33



**SOUTHWEST GAS CORP (NYSE)****Scottrade**

SWX 23.80 ▼ -0.29 (-1.20%) Vol. 70,287

14:21 ET

SOUTHWEST GAS CORP. is principally engaged in the business of purchasing, transporting, and distributing natural gas in portions of Arizona, Nevada, and California. The Company also engaged in financial services activities, through PrimMerit Bank, Federal Savings Bank (PrimMerit or the Bank), a wholly owned subsidiary.

**General Information**

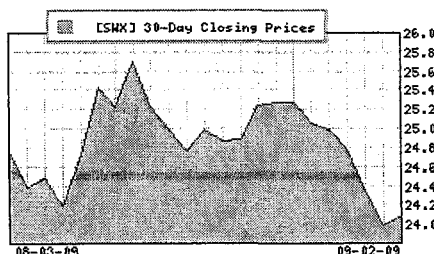
**SOUTHWEST GAS**  
 5241 Spring Mountain Road  
 P.O. Box 98510  
 Las Vegas, NV 89193-8510  
 Phone: 702-876-7237  
 Fax: 702-876-7037  
 Web: www.swgas.com  
 Email: None

Industry: UTIL-GAS DISTR  
 Sector: Utilities

Fiscal Year End: December  
 Last Reported Quarter: 06/30/09  
 Next EPS Date: 11/04/2009

**Price and Volume Information**

Zacks Rank:   
 Yesterday's Close: 24.09  
 52 Week High: 33.29  
 52 Week Low: 17.08  
 Beta: 0.69  
 20 Day Moving Average: 169,355.05  
 Target Price Consensus: 28.4

**% Price Change**

4 Week: -1.59  
 12 Week: 11.99  
 YTD: -4.48

**% Price Change Relative to S&P 500**

4 Week: -0.80  
 12 Week: 5.73  
 YTD: -13.75

**Share Information**

Shares Outstanding (millions): 44.82  
 Market Capitalization (millions): 1,079.76  
 Short Ratio: 5.09  
 Last Split Date: N/A

**Dividend Information**

Dividend Yield: 3.94%  
 Annual Dividend: \$0.95  
 Payout Ratio: 0.65  
 Change in Payout Ratio: 0.00  
 Last Dividend Payout / Amount: 08/13/2009 / \$0.24

**EPS Information**

Current Quarter EPS Consensus Estimate: -0.37  
 Current Year EPS Consensus Estimate: 1.78  
 Estimated Long-Term EPS Growth Rate: 6.00  
 Next EPS Report Date: 11/04/2009

**Consensus Recommendations**

Current (1=Strong Buy, 5=Strong Sell): 2.60  
 30 Days Ago: 2.60  
 60 Days Ago: 2.60  
 90 Days Ago: 2.60

**Fundamental Ratios**

P/E	EPS Growth	Sales Growth
Current FY Estimate: 13.53	vs. Previous Year: 116.67%	vs. Previous Year: -13.34%
Trailing 12 Months: 16.50	vs. Previous Quarter: -99.11%	vs. Previous Quarter: -43.81%
PEG Ratio: 2.26		
<b>Price Ratios</b>	<b>ROE</b>	<b>ROA</b>
Price/Book: 1.00	06/30/09: 5.70	06/30/09: 1.63



Price/Cash Flow	4.08	03/31/09	5.45	03/31/09	1.56
Price / Sales	0.55	12/31/08	5.93	12/31/08	1.69
<b>Current Ratio</b>			<b>Quick Ratio</b>		<b>Operating Margin</b>
06/30/09	0.69	06/30/09	0.69	06/30/09	3.07
03/31/09	0.82	03/31/09	0.82	03/31/09	2.81
12/31/08	0.86	12/31/08	0.86	12/31/08	2.84
<b>Net Margin</b>			<b>Pre-Tax Margin</b>		<b>Book Value</b>
06/30/09	5.35	06/30/09	5.35	06/30/09	24.16
03/31/09	5.09	03/31/09	5.09	03/31/09	24.40
12/31/08	4.75	12/31/08	4.75	12/31/08	23.63
<b>Inventory Turnover</b>			<b>Debt-to-Equity</b>		<b>Debt to Capital</b>
06/30/09	-	06/30/09	1.04	06/30/09	50.97
03/31/09	-	03/31/09	1.05	03/31/09	51.33
12/31/08	-	12/31/08	1.24	12/31/08	55.33



**WGL HLDGS INC (NYSE)**

Scottrade

WGL 32.81 \* -0.47 (-1.41%) Vol. 97,741

14:23 ET

WASHINGTON GAS LIGHT CO is a public utility that delivers and sells natural gas to metropolitan Washington, D.C. and adjoining areas in Maryland and Virginia. A distribution subsidiary serves portions of Virginia and West Virginia. The Company has four wholly-owned active subsidiaries that include: Shenandoah Gas Company (Shenandoah) is engaged in the delivery and sale of natural gas at retail in the Shenandoah Valley, including Winchester, Middletown, Strasburg, Stephens City and New Market, Virginia, and Martinsburg, West Virginia.


**General Information**

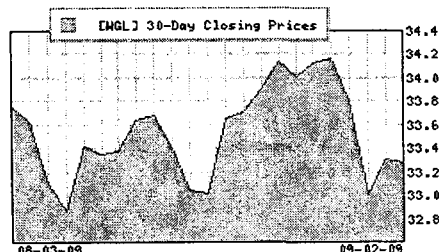
**WGL HLDGS INC**  
101 Constitution Avenue NW  
Washington, DC 20080  
Phone: 703 750-2000  
Fax: 703 750-4828  
Web: [www.wglholdings.com](http://www.wglholdings.com)  
Email: [madams@washgas.com](mailto:madams@washgas.com)

Industry: UTIL-GAS DISTR  
Sector: Utilities

Fiscal Year End: September  
Last Reported Quarter: 06/30/09  
Next EPS Date: 11/05/2009

**Price and Volume Information**

Zacks Rank:   
Yesterday's Close: 33.28  
52 Week High: 37.08  
52 Week Low: 22.40  
Beta: 0.21  
20 Day Moving Average: 231,966.09  
Target Price Consensus: 34.67

**% Price Change**

4 Week  
12 Week  
YTD

0.54  
6.43  
1.80

**% Price Change Relative to S&P 500**

4 Week  
12 Week  
YTD

1.35  
0.48  
-9.23

**Share Information**

Shares Outstanding (millions): 50.14  
Market Capitalization (millions): 1,668.69  
Short Ratio: 10.56  
Last Split Date: 05/02/1995

**Dividend Information**

Dividend Yield: 4.42%  
Annual Dividend: \$1.47  
Payout Ratio: 0.57  
Change in Payout Ratio: 0.00  
Last Dividend Payout / Amount: 07/08/2009 / \$0.37

**EPS Information**

Current Quarter EPS Consensus Estimate: -0.31  
Current Year EPS Consensus Estimate: 2.48  
Estimated Long-Term EPS Growth Rate: 5.00  
Next EPS Report Date: 11/05/2009

**Consensus Recommendations**

Current (1=Strong Buy, 5=Strong Sell): 2.50  
30 Days Ago: 2.50  
60 Days Ago: 2.50  
90 Days Ago: 2.50

**Fundamental Ratios**

<b>P/E</b>	<b>EPS Growth</b>	<b>Sales Growth</b>
Current FY Estimate: 13.40	vs. Previous Year: 83.33%	vs. Previous Year: -8.09%
Trailing 12 Months: 12.95	vs. Previous Quarter: -93.33%	vs. Previous Quarter: -58.97%
PEG Ratio: 2.68		
<b>Price Ratios</b>	<b>ROE</b>	<b>ROA</b>



Price/Book	1.47	06/30/09	11.67	06/30/09	3.84
Price/Cash Flow	7.72	03/31/09	11.60	03/31/09	3.75
Price / Sales	0.68	12/31/08	11.76	12/31/08	3.79
<b>Current Ratio</b>			<b>Quick Ratio</b>		<b>Operating Margin</b>
06/30/09	1.17	06/30/09	0.82	06/30/09	5.26
03/31/09	1.20	03/31/09	1.04	03/31/09	5.08
12/31/08	1.06	12/31/08	0.70	12/31/08	5.11
<b>Net Margin</b>			<b>Pre-Tax Margin</b>		<b>Book Value</b>
06/30/09	7.81	06/30/09	7.81	06/30/09	22.56
03/31/09	7.58	03/31/09	7.58	03/31/09	22.89
12/31/08	8.04	12/31/08	8.04	12/31/08	21.79
<b>Inventory Turnover</b>			<b>Debt-to-Equity</b>		<b>Debt to Capital</b>
06/30/09	9.10	06/30/09	0.55	06/30/09	34.99
03/31/09	8.22	03/31/09	0.57	03/31/09	35.81
12/31/08	7.91	12/31/08	0.60	12/31/08	37.05





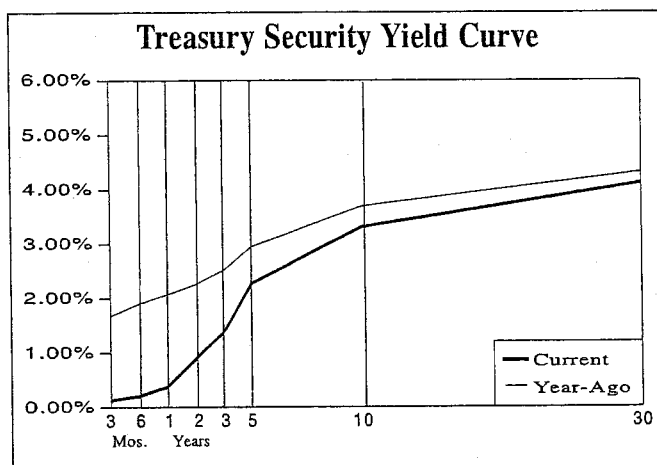


## **ATTACHMENT D**



## Selected Yields

	Recent (9/02/09)	3 Months Ago (6/3/09)	Year Ago (9/03/08)		Recent (9/02/09)	3 Months Ago (6/3/09)	Year Ago (9/03/08)
<b>TAXABLE</b>							
<b>Market Rates</b>							
Discount Rate	0.50	0.50	2.25				
Federal Funds	0.00-0.25	0.00-0.25	2.00				
Prime Rate	3.25	3.25	5.00				
30-day CP (A1/P1)	0.23	0.28	2.88				
3-month LIBOR	0.33	0.64	2.81				
<b>Bank CDs</b>							
6-month	0.42	0.70	1.60				
1-year	0.72	0.92	2.26				
5-year	2.25	1.92	4.15				
<b>U.S. Treasury Securities</b>							
3-month	0.13	0.12	1.68				
6-month	0.21	0.25	1.90				
1-year	0.38	0.44	2.07				
5-year	2.27	2.42	2.95				
10-year	3.31	3.54	3.70				
10-year (inflation-protected)	1.74	1.63	1.64				
30-year	4.12	4.45	4.32				
30-year Zero	4.22	4.53	4.37				
<b>Mortgage-Backed Securities</b>							
GNMA 6.5%	3.92	3.37	5.60				
FHLMC 6.5% (Gold)	3.07	2.89	5.67				
FNMA 6.5%	2.85	2.78	5.48				
FNMA ARM	2.62	2.53	3.89				
<b>Corporate Bonds</b>							
Financial (10-year) A	5.79	6.82	6.69				
Industrial (25/30-year) A	5.43	6.35	6.11				
Utility (25/30-year) A	5.45	6.17	6.13				
Utility (25/30-year) Baa/BBB	6.14	7.83	6.54				
<b>Foreign Bonds (10-Year)</b>							
Canada	3.33	3.36	3.48				
Germany	3.23	3.57	4.14				
Japan	1.32	1.55	1.47				
United Kingdom	3.55	3.79	4.50				
<b>Preferred Stocks</b>							
Utility A	6.37	6.10	6.16				
Financial A	5.94	8.35	6.97				
Financial Adjustable A	5.53	5.53	5.53				



### TAX-EXEMPT

<b>Bond Buyer Indexes</b>							
20-Bond Index (GOs)	4.53	4.61	4.68				
25-Bond Index (Revs)	5.99	5.53	5.17				
<b>General Obligation Bonds (GOs)</b>							
1-year Aaa	0.40	0.40	1.58				
1-year A	0.90	1.13	1.68				
5-year Aaa	1.80	2.02	2.74				
5-year A	2.24	3.45	2.84				
10-year Aaa	2.93	3.01	3.55				
10-year A	3.30	4.55	3.75				
25/30-year Aaa	4.36	4.64	4.69				
25/30-year A	4.82	6.16	5.07				
<b>Revenue Bonds (Revs) (25/30-Year)</b>							
Education AA	5.30	6.20	4.85				
Electric AA	5.40	6.25	4.80				
Housing AA	5.55	6.55	5.15				
Hospital AA	5.60	6.50	5.25				
Toll Road Aaa	5.35	6.30	4.80				

## Federal Reserve Data

### BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	8/26/09	8/12/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	794546	708501	86045	756262	762985	613020
Borrowed Reserves	327647	340534	-12887	394750	486512	508084
Net Free/Borrowed Reserves	466899	367967	98932	361512	276473	104936

### MONEY SUPPLY

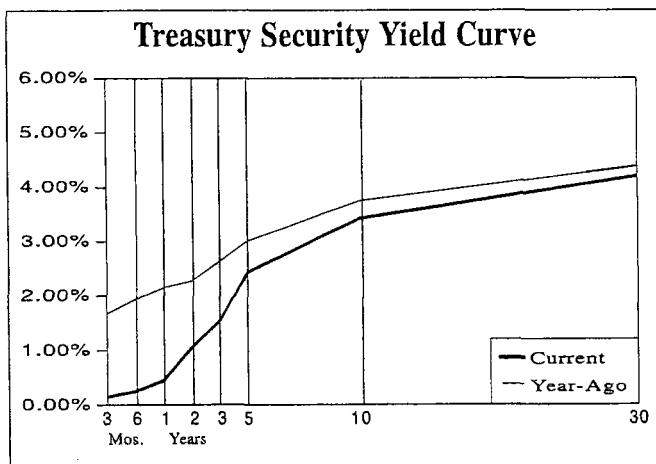
(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	8/17/09	8/10/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1658.2	1663.6	-5.4	17.9%	13.1%	19.9%
M2 (M1+savings+small time deposits)	8312.4	8318.3	-5.9	-1.5%	1.1%	8.1%



## Selected Yields

	Recent (8/26/09)	3 Months Ago (5/27/09)	Year Ago (8/27/08)		Recent (8/26/09)	3 Months Ago (5/27/09)	Year Ago (8/27/08)
<b>TAXABLE</b>							
<b>Market Rates</b>							
Discount Rate	0.50	0.50	2.25				
Federal Funds	0.00-0.25	0.00-0.25	2.00				
Prime Rate	3.25	3.25	5.00				
30-day CP (A1/P1)	0.24	0.31	2.84				
3-month LIBOR	0.37	0.67	2.81				
<b>Bank CDs</b>							
6-month	0.48	0.69	1.60				
1-year	0.72	0.92	2.26				
5-year	2.25	1.92	4.15				
<b>U.S. Treasury Securities</b>							
3-month	0.15	0.16	1.67				
6-month	0.25	0.29	1.94				
1-year	0.45	0.47	2.15				
5-year	2.44	2.44	3.01				
10-year	3.43	3.74	3.76				
10-year (inflation-protected)	1.70	1.81	1.51				
30-year	4.20	4.63	4.38				
30-year Zero	4.29	4.74	4.44				
<b>Mortgage-Backed Securities</b>							
GNMA 6.5%	3.95	3.34	5.62				
FHLMC 6.5% (Gold)	2.95	2.61	5.66				
FNMA 6.5%	2.73	2.28	5.56				
FNMA ARM	2.75	2.78	4.02				
<b>Corporate Bonds</b>							
Financial (10-year) A	6.13	7.00	6.60				
Industrial (25/30-year) A	5.52	6.61	6.18				
Utility (25/30-year) A	5.53	6.44	6.15				
Utility (25/30-year) Baa/BBB	6.17	8.01	6.57				
<b>Foreign Bonds (10-Year)</b>							
Canada	3.40	3.57	3.53				
Germany	3.24	3.63	4.17				
Japan	1.32	1.48	1.45				
United Kingdom	3.55	3.75	4.51				
<b>Preferred Stocks</b>							
Utility A	6.34	6.08	6.16				
Financial A	5.99	8.28	7.08				
Financial Adjustable A	5.52	5.53	5.53				



### TAX-EXEMPT

<b>Bond Buyer Indexes</b>							
20-Bond Index (GOs)	4.58	4.44	4.64				
25-Bond Index (Revs)	5.62	5.42	5.15				
<b>General Obligation Bonds (GOs)</b>							
1-year Aaa	0.40	0.42	1.56				
1-year A	1.10	1.15	1.66				
5-year Aaa	1.81	1.87	2.79				
5-year A	3.21	3.29	2.89				
10-year Aaa	2.96	2.84	3.60				
10-year A	4.48	4.40	3.80				
25/30-year Aaa	4.54	4.41	4.71				
25/30-year A	6.05	5.89	4.95				
<b>Revenue Bonds (Revs) (25/30-Year)</b>							
Education AA	5.80	5.94	5.05				
Electric AA	5.85	6.04	5.10				
Housing AA	6.35	6.34	5.25				
Hospital AA	6.35	6.29	5.30				
Toll Road Aaa	5.80	6.09	5.10				

## Federal Reserve Data

### BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	8/12/09	7/29/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	708499	728888	-20389	768051	749904	583661
Borrowed Reserves	340534	347217	-6683	427197	503204	502158
Net Free/Borrowed Reserves	367965	381671	-13706	340854	246700	81504

### MONEY SUPPLY

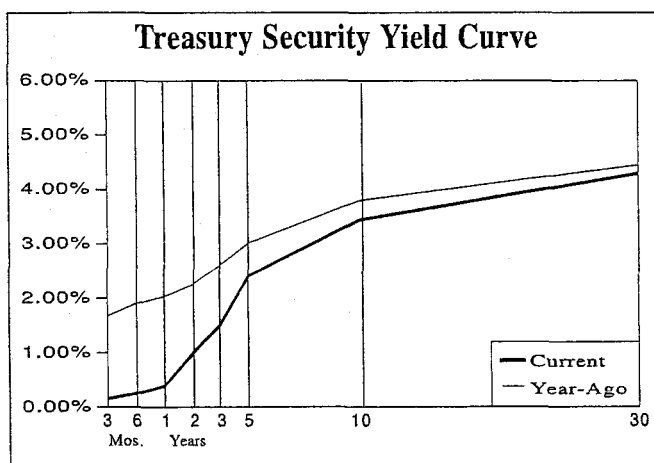
(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	8/10/09	8/3/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1663.8	1677.2	-13.4	17.9%	12.1%	18.7%
M2 (M1+savings+small time deposits)	8318.3	8323.9	-5.6	-0.7%	1.6%	7.9%



## Selected Yields

	Recent (8/19/09)	3 Months Ago (5/20/09)	Year Ago (8/20/08)		Recent (8/19/09)	3 Months Ago (5/20/09)	Year Ago (8/20/08)
<b>TAXABLE</b>							
<b>Market Rates</b>							
Discount Rate	0.50	0.50	2.25				
Federal Funds	0.00-0.25	0.00-0.25	2.00				
Prime Rate	3.25	3.25	5.00				
30-day CP (A1/P1)	0.23	0.26	2.77				
3-month LIBOR	0.42	0.72	2.81				
<b>Bank CDs</b>							
6-month	0.48	0.72	1.63				
1-year	0.72	0.97	2.26				
5-year	1.90	1.92	4.16				
<b>U.S. Treasury Securities</b>							
3-month	0.16	0.17	1.68				
6-month	0.25	0.27	1.90				
1-year	0.39	0.42	2.04				
5-year	2.41	2.03	3.01				
10-year	3.45	3.19	3.80				
10-year (inflation-protected)	1.69	1.51	1.54				
30-year	4.29	4.14	4.45				
30-year Zero	4.42	4.26	4.51				
<b>Mortgage-Backed Securities</b>							
GNMA 6.5%	3.85	3.02	5.63				
FHLMC 6.5% (Gold)	2.95	2.27	5.69				
FNMA 6.5%	2.73	2.03	5.58				
FNMA ARM	2.75	2.78	4.02				
<b>Corporate Bonds</b>							
Financial (10-year) A	6.23	6.66	6.46				
Industrial (25/30-year) A	5.60	6.21	6.22				
Utility (25/30-year) A	5.64	6.01	6.17				
Utility (25/30-year) Baa/BBB	6.23	7.59	6.65				
<b>Foreign Bonds (10-Year)</b>							
Canada	3.40	3.14	3.58				
Germany	3.25	3.43	4.12				
Japan	1.35	1.43	1.45				
United Kingdom	3.59	3.58	4.56				
<b>Preferred Stocks</b>							
Utility A	6.02	6.09	6.18				
Financial A	7.10	8.37	7.26				
Financial Adjustable A	5.52	5.52	5.52				



### TAX-EXEMPT

<b>Bond Buyer Indexes</b>							
20-Bond Index (GOs)	4.65	4.61	4.67				
25-Bond Index (Revs)	5.66	5.53	5.17				
<b>General Obligation Bonds (GOs)</b>							
1-year Aaa	0.40	0.43	1.56				
1-year A	0.90	1.16	1.66				
5-year Aaa	1.73	1.82	2.80				
5-year A	2.17	3.25	2.90				
10-year Aaa	2.94	2.81	3.58				
10-year A	3.30	4.35	3.78				
25/30-year Aaa	4.54	4.40	4.66				
25/30-year A	5.00	5.92	5.04				
<b>Revenue Bonds (Revs) (25/30-Year)</b>							
Education AA	5.50	5.97	4.80				
Electric AA	5.60	6.02	4.75				
Housing AA	5.75	6.32	5.10				
Hospital AA	5.85	6.27	5.20				
Toll Road Aaa	5.55	6.07	4.75				

## Federal Reserve Data

### BANK RESERVES

(Two-Week Period; in Millions, Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	8/12/09	7/29/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	708500	728855	-20355	768047	749902	583660
Borrowed Reserves	340534	347217	-6683	427197	503204	502158
Net Free/Borrowed Reserves	367966	381638	-13672	340849	246697	81502

### MONEY SUPPLY

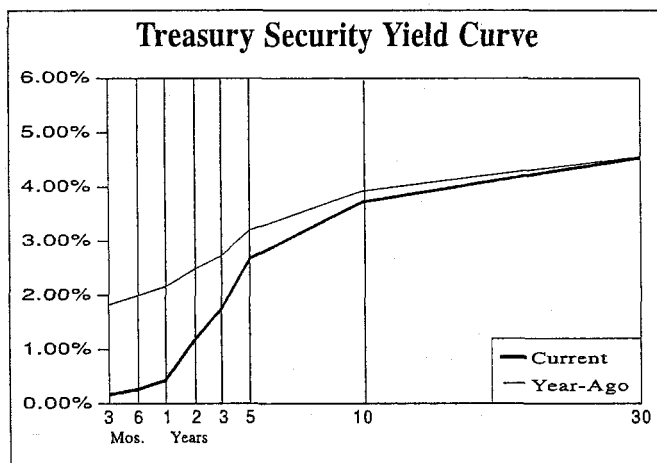
(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	8/3/09	7/27/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1677.5	1647.6	29.9	17.9%	14.1%	18.8%
M2 (M1+savings+small time deposits)	8323.6	8365.6	-42.0	0.1%	2.0%	7.9%



## Selected Yields

	Recent (8/12/09)	3 Months Ago (5/13/09)	Year Ago (8/13/08)		Recent (8/12/09)	3 Months Ago (5/13/09)	Year Ago (8/13/08)
TAXABLE							
Market Rates				Mortgage-Backed Securities			
Discount Rate	0.50	0.50	2.25	GNMA 6.5%	3.83	3.09	5.84
Federal Funds	0.00-0.25	0.00-0.25	2.00	FHLMC 6.5% (Gold)	3.19	2.38	5.87
Prime Rate	3.25	3.25	5.00	FNMA 6.5%	2.91	2.20	5.79
30-day CP (A1/P1)	0.25	0.32	2.74	FNMA ARM	2.75	2.78	4.02
3-month LIBOR	0.45	0.88	2.80	Corporate Bonds			
Bank CDs				Financial (10-year) A	6.45	6.94	6.20
6-month	0.50	0.73	1.60	Industrial (25/30-year) A	5.85	6.19	6.29
1-year	0.73	0.98	2.26	Utility (25/30-year) A	5.79	6.01	6.27
5-year	1.90	1.93	4.16	Utility (25/30-year) Baa/BBB	6.62	7.57	6.75
U.S. Treasury Securities				Foreign Bonds (10-Year)			
3-month	0.17	0.17	1.83	Canada	3.52	3.10	3.61
6-month	0.26	0.28	1.99	Germany	3.46	3.34	4.21
1-year	0.43	0.50	2.16	Japan	1.43	1.46	1.46
5-year	2.68	1.98	3.20	United Kingdom	3.79	3.52	4.60
10-year	3.72	3.12	3.93	Preferred Stocks			
10-year (inflation-protected)	1.83	1.64	1.68	Utility A	5.66	6.35	6.27
30-year	4.54	4.10	4.56	Financial A	6.06	8.65	7.37
30-year Zero	4.65	4.18	4.61	Financial Adjustable A	5.51	5.51	5.51

**TAX-EXEMPT**

<b>Bond Buyer Indexes</b>			
20-Bond Index (GOs)	4.65	4.63	4.75
25-Bond Index (Revs)	5.68	5.57	5.23
<b>General Obligation Bonds (GOs)</b>			
1-year Aaa	0.40	0.43	1.56
1-year A	1.10	1.16	1.66
5-year Aaa	1.69	1.82	2.90
5-year A	3.09	3.24	3.00
10-year Aaa	2.98	2.86	3.68
10-year A	4.50	4.41	3.88
25/30-year Aaa	4.66	4.43	4.75
25/30-year A	6.17	5.91	5.10
<b>Revenue Bonds (Revs) (25/30-Year)</b>			
Education AA	5.90	5.96	5.00
Electric AA	5.95	6.06	5.05
Housing AA	6.45	6.36	5.20
Hospital AA	6.45	6.31	5.20
Toll Road Aaa	5.90	6.11	5.10

## Federal Reserve Data

**BANK RESERVES***(Two-Week Period; in Millions, Not Seasonally Adjusted)*

	Recent Levels			Average Levels Over the Last...		
	7/29/09	7/15/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	728856	743860	-15004	777896	755940	557494
Borrowed Reserves	347217	387829	-40612	451108	519244	495733
Net Free/Borrowed Reserves	381639	356031	25608	326788	236696	61761

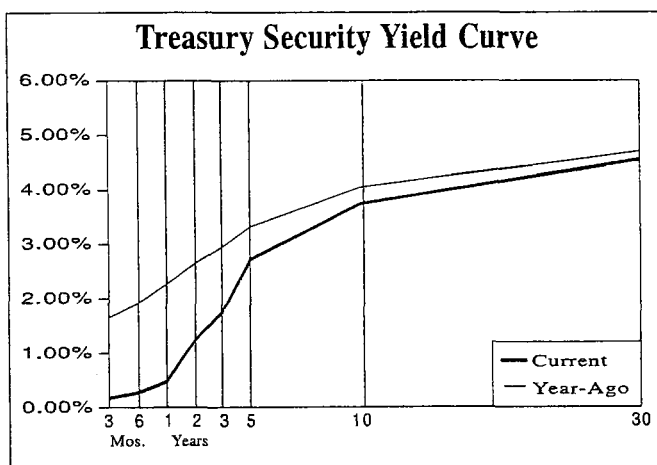
**MONEY SUPPLY***(One-Week Period; in Billions, Seasonally Adjusted)*

	Recent Levels			Growth Rates Over the Last...		
	7/27/09	7/20/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1647.6	1644.8	2.8	19.0%	13.0%	16.9%
M2 (M1+savings+small time deposits)	8365.7	8341.1	24.6	3.1%	2.3%	8.1%



## Selected Yields

	Recent (8/05/09)	3 Months Ago (5/06/09)	Year Ago (8/06/08)		Recent (8/05/09)	3 Months Ago (5/06/09)	Year Ago (8/06/08)
<b>TAXABLE</b>							
<b>Market Rates</b>							
Discount Rate	0.50	0.50	2.25				
Federal Funds	0.00-0.25	0.00-0.25	2.00				
Prime Rate	3.25	3.25	5.00				
30-day CP (A1/P1)	0.28	0.40	2.79				
3-month LIBOR	0.47	0.97	2.80				
<b>Bank CDs</b>							
6-month	0.50	0.79	1.59				
1-year	0.73	0.98	2.26				
5-year	1.90	1.93	4.16				
<b>U.S. Treasury Securities</b>							
3-month	0.18	0.18	1.65				
6-month	0.27	0.31	1.91				
1-year	0.47	0.50	2.26				
5-year	2.72	2.05	3.32				
10-year	3.75	3.16	4.05				
10-year (inflation-protected)	1.82	1.69	1.73				
30-year	4.55	4.10	4.70				
30-year Zero	4.65	4.14	4.75				
<b>Mortgage-Backed Securities</b>							
GNMA 6.5%	3.74	3.37	5.85				
FHLMC 6.5% (Gold)	3.13	2.91	5.89				
FNMA 6.5%	2.91	2.71	5.79				
FNMA ARM	2.75	2.78	4.03				
<b>Corporate Bonds</b>							
Financial (10-year) A	6.85	7.19	6.34				
Industrial (25/30-year) A	5.96	6.31	6.42				
Utility (25/30-year) A	5.70	6.10	6.37				
Utility (25/30-year) Baa/BBB	6.70	7.54	6.86				
<b>Foreign Bonds (10-Year)</b>							
Canada	3.58	3.07	3.70				
Germany	3.34	3.24	4.34				
Japan	1.44	1.41	1.53				
United Kingdom	3.83	3.61	4.75				
<b>Preferred Stocks</b>							
Utility A	6.04	6.00	6.26				
Financial A	7.47	8.19	6.94				
Financial Adjustable A	5.51	5.51	5.51				



### TAX-EXEMPT

<b>Bond Buyer Indexes</b>							
20-Bond Index (GOs)	4.69	4.70	4.77				
25-Bond Index (Revs)	5.66	5.57	5.23				
<b>General Obligation Bonds (GOs)</b>							
1-year Aaa	0.42	0.43	1.52				
1-year A	0.92	1.16	1.62				
5-year Aaa	1.72	1.84	3.08				
5-year A	2.16	3.25	3.18				
10-year Aaa	2.99	2.91	3.82				
10-year A	3.35	4.45	4.02				
25/30-year Aaa	4.69	4.53	4.78				
25/30-year A	5.15	6.05	5.13				
<b>Revenue Bonds (Revs) (25/30-Year)</b>							
Education AA	5.65	6.10	4.90				
Electric AA	5.75	6.15	4.85				
Housing AA	5.90	6.45	5.15				
Hospital AA	6.00	6.40	5.25				
Toll Road Aaa	5.70	6.20	4.85				

## Federal Reserve Data

### BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	7/29/09	7/15/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	728843	743861	-15018	777895	755939	557494
Borrowed Reserves	347217	387829	-40612	451108	519244	495733
Net Free/Borrowed Reserves	381626	356032	25594	326786	236695	61760

### MONEY SUPPLY

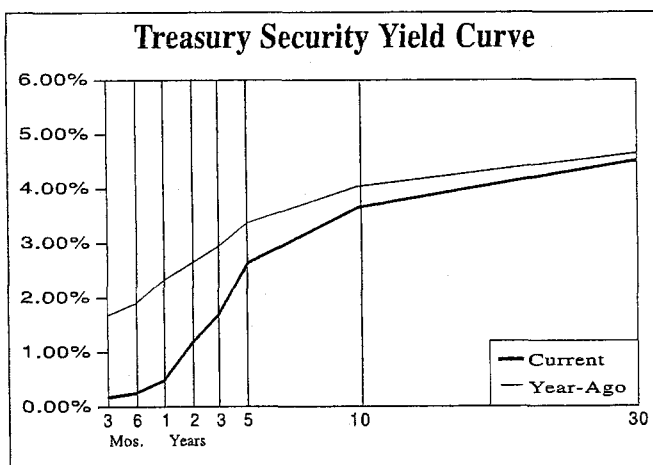
(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	7/20/09	7/13/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1644.8	1657.6	-12.8	23.5%	12.5%	16.7%
M2 (M1+savings+small time deposits)	8342.7	8333.8	8.9	4.0%	2.2%	7.8%



## Selected Yields

	Recent (7/29/09)	3 Months Ago (4/29/09)	Year Ago (7/30/08)		Recent (7/29/09)	3 Months Ago (4/29/09)	Year Ago (7/30/08)
<b>TAXABLE</b>							
<b>Market Rates</b>				<b>Mortgage-Backed Securities</b>			
Discount Rate	0.50	0.50	2.25	GNMA 6.5%	3.70	3.30	5.53
Federal Funds	0.00-0.25	0.00-0.25	2.00	FHLMC 6.5% (Gold)	2.82	2.61	5.68
Prime Rate	3.25	3.25	5.00	FNMA 6.5%	2.64	2.45	5.53
30-day CP (A1/P1)	0.27	0.40	2.72	FNMA ARM	2.98	3.15	4.12
3-month LIBOR	0.49	1.03	2.80	<b>Corporate Bonds</b>			
<b>Bank CDs</b>				Financial (10-year) A	6.95	7.84	6.38
6-month	0.56	0.79	1.59	Industrial (25/30-year) A	6.02	6.41	6.32
1-year	0.83	0.98	2.11	Utility (25/30-year) A	5.79	6.33	6.31
5-year	1.90	1.93	4.16	Utility (25/30-year) Baa/BBB	7.14	7.58	6.78
<b>U.S. Treasury Securities</b>				<b>Foreign Bonds (10-Year)</b>			
3-month	0.18	0.09	1.68	Canada	3.53	3.08	3.82
6-month	0.25	0.28	1.89	Germany	3.42	3.13	4.42
1-year	0.48	0.46	2.32	Japan	1.38	1.42	1.53
5-year	2.63	2.03	3.37	United Kingdom	3.97	3.46	4.85
10-year	3.66	3.11	4.04	<b>Preferred Stocks</b>			
10-year (inflation-protected)	1.84	1.57	1.63	Utility A	5.71	7.53	6.12
30-year	4.51	4.03	4.65	Financial A	6.30	8.96	7.06
30-year Zero	4.61	4.05	4.69	Financial Adjustable A	5.50	5.50	5.50

**TAX-EXEMPT**

<b>Bond Buyer Indexes</b>			
20-Bond Index (GOs)	4.69	4.57	4.77
25-Bond Index (Revs)	5.67	5.49	5.23
<b>General Obligation Bonds (GOs)</b>			
1-year Aaa	0.42	0.54	1.52
1-year A	1.12	1.04	1.62
5-year Aaa	1.77	1.80	3.08
5-year A	3.17	2.23	3.18
10-year Aaa	3.03	3.19	3.82
10-year A	4.55	3.55	4.02
25/30-year Aaa	4.72	4.67	4.78
25/30-year A	6.23	5.11	5.13
<b>Revenue Bonds (Revs) (25/30-Year)</b>			
Education AA	6.10	5.80	4.90
Electric AA	6.15	5.90	4.85
Housing AA	6.55	6.20	5.15
Hospital AA	6.50	6.15	5.25
Toll Road Aaa	6.10	5.95	4.85

## Federal Reserve Data

**BANK RESERVES***(Two-Week Period; in Millions, Not Seasonally Adjusted)*

	Recent Levels			Average Levels Over the Last...		
	7/15/09	7/1/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	743862	687737	56125	796972	764128	530566
Borrowed Reserves	387829	404097	-16268	482271	534612	488935
Net Free/Borrowed Reserves	356033	283640	72393	314701	229517	41631

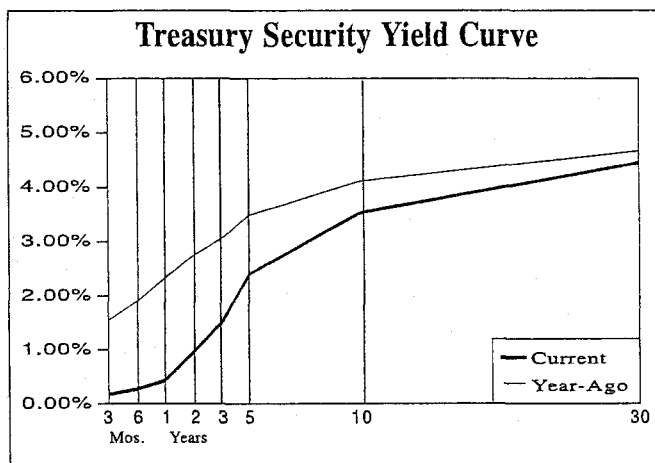
**MONEY SUPPLY***(One-Week Period; in Billions, Seasonally Adjusted)*

	Recent Levels			Growth Rates Over the Last...		
	7/13/09	7/6/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1657.7	1653.8	3.9	22.0%	7.0%	17.7%
M2 (M1+savings+small time deposits)	8333.7	8348.7	-15.0	3.4%	2.9%	8.0%



## Selected Yields

	Recent (7/22/09)	3 Months Ago (4/22/09)	Year Ago (7/23/08)		Recent (7/22/09)	3 Months Ago (4/22/09)	Year Ago (7/23/08)
<b>TAXABLE</b>							
<b>Market Rates</b>							
Discount Rate	0.50	0.50	2.25				
Federal Funds	0.00-0.25	0.00-0.25	2.00				
Prime Rate	3.25	3.25	5.00				
30-day CP (A1/P1)	0.31	0.37	2.69				
3-month LIBOR	0.50	1.10	2.80				
<b>Bank CDs</b>							
6-month	0.56	0.80	1.59				
1-year	0.83	0.99	2.10				
5-year	1.90	1.93	4.14				
<b>U.S. Treasury Securities</b>							
3-month	0.18	0.13	1.55				
6-month	0.27	0.32	1.89				
1-year	0.43	0.48	2.33				
5-year	2.40	1.89	3.49				
10-year	3.54	2.94	4.12				
10-year (inflation-protected)	1.74	1.59	1.67				
30-year	4.45	3.80	4.67				
30-year Zero	4.56	3.79	4.70				
<b>Mortgage-Backed Securities</b>							
GNMA 6.5%	3.61	3.32	5.81				
FHLMC 6.5% (Gold)	2.80	2.72	5.92				
FNMA 6.5%	2.62	2.58	5.85				
FNMA ARM	2.98	3.15	4.15				
<b>Corporate Bonds</b>							
Financial (10-year) A	6.58	7.71	6.40				
Industrial (25/30-year) A	5.98	6.31	6.36				
Utility (25/30-year) A	5.81	6.19	6.35				
Utility (25/30-year) Baa/BBB	6.97	7.41	6.65				
<b>Foreign Bonds (10-Year)</b>							
Canada	3.45	2.94	3.86				
Germany	3.38	3.21	4.66				
Japan	1.39	1.44	1.65				
United Kingdom	3.84	3.45	5.05				
<b>Preferred Stocks</b>							
Utility A	5.97	6.31	6.24				
Financial A	7.46	8.98	6.99				
Financial Adjustable A	5.50	5.50	5.50				



### TAX-EXEMPT

<b>Bond Buyer Indexes</b>							
20-Bond Index (GOs)	4.68	4.78	4.65				
25-Bond Index (Revs)	5.66	5.63	5.11				
<b>General Obligation Bonds (GOs)</b>							
1-year Aaa	0.42	0.43	1.52				
1-year A	0.92	1.16	1.54				
5-year Aaa	1.78	1.73	3.10				
5-year A	2.22	3.15	3.20				
10-year Aaa	2.99	2.88	3.84				
10-year A	3.35	4.43	4.04				
25/30-year Aaa	4.64	4.44	4.88				
25/30-year A	5.10	5.95	4.98				
<b>Revenue Bonds (Revs) (25/30-Year)</b>							
Education AA	5.60	6.00	5.13				
Electric AA	5.70	6.10	5.15				
Housing AA	5.85	6.40	5.20				
Hospital AA	5.95	6.35	5.25				
Toll Road Aaa	5.65	6.15	5.15				

## Federal Reserve Data

### BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	7/15/09	7/1/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	743853	687735	56118	796971	764128	530566
Borrowed Reserves	387829	404097	-16268	482271	534612	488935
Net Free/Borrowed Reserves	356024	283638	72386	314699	229516	41631

### MONEY SUPPLY

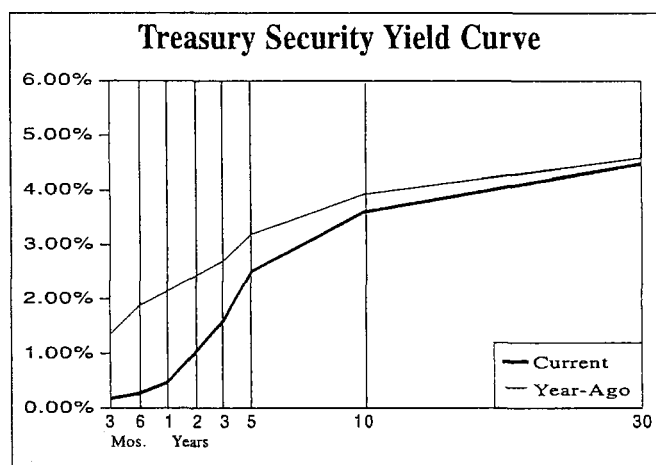
(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	7/6/09	6/29/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1654.0	1652.9	1.1	2.1%	1.9%	18.3%
M2 (M1+savings+small time deposits)	8348.7	8348.8	-0.1	4.2%	3.5%	8.4%



## Selected Yields

	Recent (7/15/09)	3 Months Ago (4/15/09)	Year Ago (7/16/08)		Recent (7/15/09)	3 Months Ago (4/15/09)	Year Ago (7/16/08)
<b>TAXABLE</b>							
<b>Market Rates</b>							
Discount Rate	0.50	0.50	2.25				
Federal Funds	0.00-0.25	0.00-0.25	2.00				
Prime Rate	3.25	3.25	5.00				
30-day CP (A1/P1)	0.33	0.38	2.67				
3-month LIBOR	0.51	1.11	2.79				
<b>Bank CDs</b>							
6-month	0.58	0.81	1.59				
1-year	0.85	1.02	2.11				
5-year	1.92	2.01	3.94				
<b>U.S. Treasury Securities</b>							
3-month	0.18	0.14	1.35				
6-month	0.27	0.33	1.87				
1-year	0.47	0.51	2.14				
5-year	2.51	1.70	3.19				
10-year	3.60	2.76	3.93				
10-year (inflation-protected)	1.85	1.43	1.32				
30-year	4.49	3.66	4.59				
30-year Zero	4.60	3.66	4.62				
<b>Mortgage-Backed Securities</b>							
GNMA 6.5%	3.41	3.39	5.60				
FHLMC 6.5% (Gold)	2.75	2.67	5.48				
FNMA 6.5%	2.59	2.62	5.43				
FNMA ARM	2.98	3.15	4.09				
<b>Corporate Bonds</b>							
Financial (10-year) A	6.62	7.61	6.20				
Industrial (25/30-year) A	6.12	6.25	6.27				
Utility (25/30-year) A	5.97	6.17	6.35				
Utility (25/30-year) Baa/BBB	7.19	7.59	6.56				
<b>Foreign Bonds (10-Year)</b>							
Canada	3.49	2.94	3.74				
Germany	3.37	3.14	4.39				
Japan	1.34	1.44	1.58				
United Kingdom	3.80	3.26	4.87				
<b>Preferred Stocks</b>							
Utility A	5.95	6.36	6.41				
Financial A	7.67	7.55	7.93				
Financial Adjustable A	5.49	5.49	5.49				



### TAX-EXEMPT

<b>Bond Buyer Indexes</b>							
20-Bond Index (GOs)	4.71	4.92	4.56				
25-Bond Index (Revs)	5.70	5.74	5.04				
<b>General Obligation Bonds (GOs)</b>							
1-year Aaa	0.40	0.43	1.50				
1-year A	1.10	0.53	1.60				
5-year Aaa	2.07	1.91	3.20				
5-year A	3.47	2.13	3.30				
10-year Aaa	2.98	3.09	3.80				
10-year A	4.50	3.62	4.00				
25/30-year Aaa	4.59	4.71	4.64				
25/30-year A	6.10	5.75	4.99				
<b>Revenue Bonds (Revs) (25/30-Year)</b>							
Education AA	5.95	5.70	4.75				
Electric AA	6.00	5.80	4.65				
Housing AA	6.40	6.10	5.00				
Hospital AA	6.35	6.15	5.10				
Toll Road Aaa	5.95	5.85	4.65				

## Federal Reserve Data

### BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	7/1/09	6/17/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	687741	791807	-104066	805677	768029	503131
Borrowed Reserves	404097	458240	-54143	512001	551755	480824
Net Free/Borrowed Reserves	283644	333567	-49923	293676	216274	22307

### MONEY SUPPLY

(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	6/29/09	6/22/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1652.9	1669.1	-16.2	27.5%	7.4%	18.9%
M2 (M1+savings+small time deposits)	8349.2	8385.4	-36.2	1.0%	3.8%	8.7%







BLACK MOUNTAIN SEWER CORPORATION  
DOCKET NO. SW-02361A-08-0609

TABLE OF CONTENTS TO SCHEDULES WAR

SCHEDULE #

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WAR - 2	DCF COST OF EQUITY CAPITAL
WAR - 3	DIVIDEND YIELD CALCULATION
WAR - 4	DIVIDEND GROWTH RATE CALCULATION
WAR - 5	DIVIDEND GROWTH COMPONENTS
WAR - 6	GROWTH RATE COMPARISON
WAR - 7	CAPM COST OF EQUITY CAPITAL
WAR - 8	ECONOMIC INDICATORS - 1990 TO PRESENT
WAR - 9	CAPITAL STRUCTURES OF SAMPLE COMPANIES



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
COST OF CAPITAL SUMMARY

DOCKET NO. SW-02361A-08-0609  
SCHEDULE WAR - 1, PAGE 1 OF 3

WEIGHTED AVERAGE COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) CAPITAL RATIO	(B) COST RATE	(C) WEIGHTED COST RATE
1	Long-Term Debt	40.00%	6.26%	2.50%
2	Common Equity	60.00%	8.22%	4.93%
3	Total Capitalization	100.00%		

4 WEIGHTED AVERAGE COST OF CAPITAL

7.43%

REFERENCES:

COLUMN (A): TESTIMONY, WAR  
COLUMN (B): TESTIMONY, WAR - SCHEDULE WAR-1, PAGE 2  
COLUMN (C): COLUMN (A) x COLUMN (B)



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
COST OF CAPITAL SUMMARY

DOCKET NO. SW-02361A-08-0609  
SCHEDULE WAR - 1  
PAGE 2 OF 3

SAMPLE COMPANIES APPROXIMATE WEIGHTED COSTS OF DEBT

LINE NO.	STOCK SYMBOL	COMPANY	WEIGHTED COSTS
1	AWR	AMERICAN STATES WATER CO.	7.13%
2	CWT	CALIFORNIA WATER SERVICE GROUP	6.43%
3	WTR	AQUA AMERICA, INC.	6.03%
4	CTWS	CONNECTICUT WATER SERVICES, INC.	4.95%
5	MSEX	MIDDLESEX WATER COMPANY	5.52%
6	SJW	SJW CORP.	6.81%
7	YORW	YORK WATER COMPANY	6.92%
8	AVERAGE OF APPROXIMATE WEIGHTED COSTS OF DEBT (a)		6.26% AVERAGE OF LINES 1 THRU 8
9	RUCO RECOMMENDED COST OF DEBT		6.26%

REFERENCE:  
MOST RECENT SEC 10-K FILINGS OR ANNUAL REPORTS

NOTE:

(a) COSTS ARE APPROXIMATE AND DO NOT INCLUDE THE FOLLOWING:  
DEBT ISSUES THAT DID NOT HAVE STATED YIELDS; AND  
DEBT ISSUES WITH ZERO RATES OF INTEREST.  
IN THE CASE OF ISSUES WITH VARIABLE RATES OF INTEREST THE HIGH END OF THE VARIABLE RANGE WAS USED.



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
COST OF CAPITAL SUMMARY

COST OF COMMON EQUITY CALCULATION

LINE NO.				
1	<u>DCF METHODOLOGY</u>			
2	DCF - WATER COMPANY SINGLE-STAGE CONSTANT GROWTH MODEL ESTIMATE	9.84%	SCHEDULE WAR-2, COLUMN (C), LINE 4	
3	DCF - NATURAL GAS LDC SINGLE-STAGE CONSTANT GROWTH MODEL ESTIMATE	10.73%	SCHEDULE WAR-2, COLUMN (C), LINE 15	
4	AVERAGE OF DCF ESTIMATES	10.28%	( LINE 2 + LINE 3 ) / 2	
5	<u>CAPM METHODOLOGY</u>			
6	CAPM - WATER COMPANY GEOMETRIC MEAN ESTIMATE	5.66%	SCHEDULE WAR-7 PAGE 1, COLUMN (B), LINE 4	
7	CAPM - NATURAL GAS LDC GEOMETRIC MEAN ESTIMATE	5.30%	SCHEDULE WAR-7 PAGE 1, COLUMN (B), LINE 15	
8	CAPM - WATER COMPANY ARITHMETIC MEAN ESTIMATE	7.08%	SCHEDULE WAR-7 PAGE 2, COLUMN (B), LINE 4	
9	CAPM - NATURAL GAS LDC ARITHMETIC MEAN ESTIMATE	6.56%	SCHEDULE WAR-7 PAGE 2, COLUMN (B), LINE 15	
10	AVERAGE OF CAPM ESTIMATES	6.15%	( SUM OF LINES 6 THRU 9 ) / 4	
11	AVERAGE OF DCF AND CAPM ESTIMATES	8.22%	( LINE 4 + LINE 10 ) / 2	



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
DCF COST OF EQUITY CAPITAL

DOCKET NO. SW-02361A-08-0609  
SCHEDULE WAR - 2

LINE NO.	STOCK SYMBOL	COMPANY	(A) DIVIDEND YIELD	+	(B) GROWTH RATE (g)	=	(C) DCF COST OF EQUITY CAPITAL
1	AWR	AMERICAN STATES WATER CO.	2.87%	+	8.18%	=	11.05%
2	CWT	CALIFORNIA WATER SERVICE GROUP	3.16%	+	6.65%	=	9.82%
3	WTR	AQUA AMERICA, INC.	3.11%	+	5.54%	=	8.65%
4		<b>WATER COMPANY AVERAGE</b>					<b>9.84%</b>
5	AGL	AGL RESOURCES, INC.	5.16%	+	5.89%	=	11.04%
6	ATO	ATMOS ENERGY CORP.	4.91%	+	11.58%	=	16.49%
7	LG	LACLEDE GROUP, INC.	4.65%	+	5.15%	=	9.80%
8	NJR	NEW JERSEY RESOURCES CORPORATION	3.30%	+	5.73%	=	9.02%
9	GAS	NICOR, INC.	5.15%	+	5.18%	=	10.33%
10	NWN	NORTHWEST NATURAL GAS CO.	3.65%	+	4.97%	=	8.62%
11	PNY	PIEDMONT NATURAL GAS COMPANY	4.26%	+	4.75%	=	9.02%
12	SJI	SOUTH JERSEY INDUSTRIES, INC.	3.35%	+	7.91%	=	11.26%
13	SWX	SOUTHWEST GAS CORPORATION	3.95%	+	8.94%	=	12.89%
14	WGL	WGL HOLDINGS, INC.	4.48%	+	4.38%	=	8.85%
15		<b>NATURAL GAS LDC AVERAGE</b>					<b>10.73%</b>

REFERENCES:

COLUMN (A): SCHEDULE WAR - 3, COLUMN C  
COLUMN (B): SCHEDULE WAR - 4, PAGE 1, COLUMN C  
COLUMN (C): COLUMN (A) + COLUMN (B)



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
DIVIDEND YIELD CALCULATION

DOCKET NO. SW-02361A-08-0609  
SCHEDULE WAR - 3

LINE NO.	STOCK SYMBOL	COMPANY	(A) ESTIMATED DIVIDEND (PER SHARE)	(B) AVERAGE STOCK PRICE (PER SHARE)	(C) DIVIDEND YIELD
1	AWR	AMERICAN STATES WATER CO.	\$1.00 /	\$34.88 =	2.87%
2	CWT	CALIFORNIA WATER SERVICE GROUP	1.18 /	37.32 =	3.16%
3	WTR	AQUA AMERICA, INC.	0.54 /	17.38 =	3.11%
4	WATER COMPANY AVERAGE				3.05%
5	AGL	AGL RESOURCES, INC.	\$1.72 /	\$33.36 =	5.16%
6	ATO	ATMOS ENERGY CORP.	1.32 /	26.91 =	4.91%
7	LG	LACLEDE GROUP, INC.	1.54 /	33.10 =	4.65%
8	NJR	NEW JERSEY RESOURCES CORPORATION	1.24 /	37.63 =	3.30%
9	GAS	NICOR, INC.	1.86 /	36.13 =	5.15%
10	NWN	NORTHWEST NATURAL GAS CO.	1.58 /	43.27 =	3.65%
11	PNY	PIEDMONT NATURAL GAS COMPANY	1.04 /	24.40 =	4.26%
12	SJI	SOUTH JERSEY INDUSTRIES, INC.	1.19 /	35.63 =	3.35%
13	SWX	SOUTHWEST GAS CORPORATION	0.95 /	24.11 =	3.95%
14	WGL	WGL HOLDINGS, INC.	1.48 /	33.06 =	4.48%
15	NATURAL GAS LDC AVERAGE				4.28%

REFERENCES:

COLUMN (A): ESTIMATED 12 MONTH DIVIDEND REPORTED IN VALUE LINE INVESTMENT  
SURVEY - RATINGS & REPORTS DATED 07/24/2009 (WATER COMPANIES) AND 09/11/2009 (NATURAL GAS LDC's).  
COLUMN (B): EIGHT WEEK AVERAGE OF CLOSING PRICES FROM 07/13/2009 TO 09/04/2009  
STOCK QUOTES OBTAINED THROUGH BIG CHARTS WEB SITE - HISTORICAL QUOTES (www.bigcharts.com).  
COLUMN (C): COLUMN (A) / COLUMN (B)



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
DIVIDEND GROWTH RATE CALCULATION

DOCKET NO. SW-02361A-08-0609  
SCHEDULE WAR - 4, PAGE 1 OF 2

LINE NO.	STOCK SYMBOL	COMPANY	(A) INTERNAL GROWTH (br)	+	(B) EXTERNAL GROWTH (sv)	=	(C) DIVIDEND GROWTH (g)
1	AWR	AMERICAN STATES WATER CO.	6.15%	+	2.03%	=	8.18%
2	CWT	CALIFORNIA WATER SERVICE GROUP	6.00%	+	0.65%	=	6.65%
3	WTR	AQUA AMERICA, INC.	5.25%	+	0.29%	=	5.54%
4		<b>WATER COMPANY AVERAGE</b>					<b>6.79%</b>
5	AGL	AGL RESOURCES, INC.	5.50%	+	0.39%	=	5.89%
6	ATO	ATMOS ENERGY CORP.	4.10%	+	7.48%	=	11.58%
7	LG	LACLEDE GROUP, INC.	4.50%	+	0.65%	=	5.15%
8	NJR	NEW JERSEY RESOURCES CORPORATION	5.10%	+	0.63%	=	5.73%
9	GAS	NICOR, INC.	5.10%	+	0.08%	=	5.18%
10	NWN	NORTHWEST NATURAL GAS CO.	4.60%	+	0.37%	=	4.97%
11	PNY	PIEDMONT NATURAL GAS COMPANY	4.75%	+	0.00%	=	4.75%
12	SJI	SOUTH JERSEY INDUSTRIES, INC.	7.00%	+	0.91%	=	7.91%
13	SWX	SOUTHWEST GAS CORPORATION	4.00%	+	4.94%	=	8.94%
14	WGL	WGL HOLDINGS, INC.	4.35%	+	0.03%	=	4.38%
15		<b>NATURAL GAS LDC AVERAGE</b>					<b>6.45%</b>

**REFERENCES:**

COLUMN (A): TESTIMONY, WAR  
COLUMN (B): SCHEDULE WAR - 4, PAGE 2, COLUMN C  
COLUMN (C): COLUMN (A) + COLUMN (B)



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
DIVIDEND GROWTH RATE CALCULATION

DOCKET NO. SW-02361A-08-0609  
SCHEDULE WAR - 4, PAGE 2 OF 2

LINE NO.	STOCK SYMBOL	COMPANY	(A) SHARE GROWTH	(B) $x \left\{ \left[ \left( \frac{M+B}{M} \right) + 1 \right] / 2 \right\} - 1$	(C) EXTERNAL GROWTH (SV) =
1	AWR	AMERICAN STATES WATER CO.	4.75%	$x \left\{ \left[ \left( \frac{1.86}{1.86} \right) + 1 \right] / 2 \right\} - 1$	= 2.03%
2	CWT	CALIFORNIA WATER SERVICE GROUP	1.50%	$x \left\{ \left[ \left( \frac{1.87}{1.87} \right) + 1 \right] / 2 \right\} - 1$	= 0.65%
3	WTR	AQUA AMERICA, INC.	0.50%	$x \left\{ \left[ \left( \frac{2.16}{2.16} \right) + 1 \right] / 2 \right\} - 1$	= 0.29%
4	WATER COMPANY AVERAGE				<b>0.99%</b>
5	AGL	AGL RESOURCES, INC.	1.75%	$x \left\{ \left[ \left( \frac{1.44}{1.44} \right) + 1 \right] / 2 \right\} - 1$	= 0.39%
6	ATO	ATMOS ENERGY CORP.	3.75%	$x \left\{ \left[ \left( \frac{0.99}{0.99} \right) + 1 \right] / 2 \right\} + 1$	= 7.48%
7	LG	LACLEDE GROUP, INC.	3.25%	$x \left\{ \left[ \left( \frac{1.40}{1.40} \right) + 1 \right] / 2 \right\} - 1$	= 0.65%
8	NJR	NEW JERSEY RESOURCES CORPORATION	1.25%	$x \left\{ \left[ \left( \frac{2.00}{2.00} \right) + 1 \right] / 2 \right\} - 1$	= 0.63%
9	GAS	NICOR, INC.	0.25%	$x \left\{ \left[ \left( \frac{1.63}{1.63} \right) + 1 \right] / 2 \right\} - 1$	= 0.08%
10	NWN	NORTHWEST NATURAL GAS CO.	1.00%	$x \left\{ \left[ \left( \frac{1.74}{1.74} \right) + 1 \right] / 2 \right\} - 1$	= 0.37%
11	PNY	PIEDMONT NATURAL GAS COMPANY	0.01%	$x \left\{ \left[ \left( \frac{1.92}{1.92} \right) + 1 \right] / 2 \right\} - 1$	= 0.00%
12	SJI	SOUTH JERSEY INDUSTRIES, INC.	2.00%	$x \left\{ \left[ \left( \frac{1.91}{1.91} \right) + 1 \right] / 2 \right\} - 1$	= 0.91%
13	SWX	SOUTHWEST GAS CORPORATION	2.50%	$x \left\{ \left[ \left( \frac{0.95}{0.95} \right) + 1 \right] / 2 \right\} + 1$	= 4.94%
14	WGL	WGL HOLDINGS, INC.	0.10%	$x \left\{ \left[ \left( \frac{1.50}{1.50} \right) + 1 \right] / 2 \right\} - 1$	= 0.03%
15	NATURAL GAS LDC AVERAGE				<b>1.55%</b>

REFERENCES:  
COLUMN (A): TESTIMONY, WAR  
COLUMN (B): VALUE LINE INVESTMENT SURVEY  
- RATINGS & REPORTS DATED 07/24/2009 (WATER COMPANIES) AND 09/11/2009 (NATURAL GAS LDC's)  
COLUMN (C): COLUMN (A) x COLUMN (B)



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
DIVIDEND GROWTH COMPONENTS

DOCKET NO. SW-02361A-08-0609  
SCHEDULE WAR - 5, PAGE 1 OF 4

LINE NO.	STOCK SYMBOL	WATER COMPANY NAME	OPERATING PERIOD	(A) RETENTION RATIO (b)	(B) RETURN ON BOOK EQUITY (c) =	(C) DIVIDEND GROWTH (g)	(D) BOOK VALUE (\$/SHARE)	(E) SHARES OUTST. (MILLIONS)	(F) SHARE GROWTH
1	AWR	AMERICAN STATES WATER CO.	2004	0.1524	6.60%	1.01%	15.01	16.75	
2			2005	0.3182	8.50%	2.70%	16.80	16.80	
3			2006	0.3158	8.10%	2.56%	16.64	17.05	
4			2007	0.4074	9.30%	3.79%	17.53	17.23	
5			2008	0.3548	8.60%	3.05%	17.95	17.30	
6			GROWTH 2004 - 2008			2.62%	5.00%		0.81%
7			2009	0.3882	9.00%	3.49%		18.50	6.94%
8			2010	0.4211	10.00%	4.21%		18.75	4.11%
9			2012-14	0.5077	12.00%	6.09%	4.00%	20.00	2.94%
10									
11	CWT	CALIFORNIA WATER SERVICE GROUP	2004	0.2260	9.00%	2.03%	15.66	18.37	
12			2005	0.2245	9.30%	2.09%	15.79	18.39	
13			2006	0.1418	6.80%	0.96%	18.15	20.66	
14			2007	0.2267	8.10%	1.84%	18.50	20.67	
15			2008	0.3842	9.90%	3.80%	19.44	20.72	
16			GROWTH 2004 - 2008			2.15%	6.50%		3.06%
17			2009	0.4381	10.50%	4.60%		21.00	1.35%
18			2010	0.4591	10.50%	4.82%		21.25	1.27%
19			2012-14	0.4943	12.00%	5.93%	3.00%	22.50	1.66%
20									
21	WTR	AQUA AMERICA, INC.	2004	0.4219	10.70%	4.51%	5.89	127.18	
22			2005	0.4366	11.20%	4.89%	6.30	128.97	
23			2006	0.3714	10.00%	3.71%	6.96	132.33	
24			2007	0.3239	9.70%	3.14%	7.32	133.40	
25			2008	0.3014	9.30%	2.80%	7.82	135.37	
26			GROWTH 2004 - 2008			3.81%	10.00%		1.57%
27			2009	0.3647	10.50%	3.83%		136.00	0.47%
28			2010	0.3778	11.00%	4.16%		136.50	0.42%
29			2012-14	0.4800	11.50%	5.52%	6.50%	138.00	0.39%

REFERENCES:

COLUMNS (A) & (B): VALUE LINE INVESTMENT SURVEY  
- RATINGS & REPORTS DATED 07/24/2009  
COLUMN (C): COLUMN (A) x COLUMN (B)  
COLUMN (D): LINES 6, 16 & 26, SIMPLE AVERAGE GROWTH, 2004 - 2008

COLUMN (D): VALUE LINE INVESTMENT SURVEY  
COLUMN (D): LINES 6, 16 & 26, COMPOUND GROWTH RATE  
COLUMN (E): VALUE LINE INVESTMENT SURVEY  
COLUMN (F): COMPOUND GROWTH RATES OF DATES SHOWN



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
DIVIDEND GROWTH COMPONENTS

DOCKET NO. SW-02361A-08-0609  
SCHEDULE WAR - 5, PAGE 2 OF 4

LINE NO.	STOCK SYMBOL	NATURAL GAS LDC NAME	OPERATING PERIOD	(A) RETENTION RATIO (b)	(B) RETURN ON BOOK EQUITY (c) =	(C) DIVIDEND GROWTH (g)	(D) BOOK VALUE (\$/SHARE)	(E) SHARES OUTST. (MILLIONS)	(F) SHARE GROWTH
1	AGL	AGL RESOURCES, INC.	2004	0.4956	11.00%	5.45%	18.06	76.70	
2			2005	0.4758	12.90%	6.14%	19.29	77.70	
3			2006	0.4559	13.20%	6.02%	20.71	77.70	
4			2007	0.3971	12.70%	5.04%	21.74	76.40	
5			2008	0.3801	12.60%	4.79%	21.48	76.90	
6			GROWTH 2004 - 2008			5.49%	10.00%		0.07%
7			2009	0.3630	11.50%	4.17%		78.00	1.43%
8			2010	0.3931	12.50%	4.91%		79.00	1.36%
9			2012-14	0.4303	14.00%	6.02%	1.50%	85.00	2.02%
10									
11	ATO	ATMOS ENERGY CORP.	2004	0.2278	7.60%	1.73%	18.05	62.80	
12			2005	0.2791	8.50%	2.37%	19.90	80.54	
13			2006	0.3700	9.80%	3.63%	20.16	81.74	
14			2007	0.3402	8.70%	2.96%	22.01	89.33	
15			2008	0.3500	8.80%	3.08%	22.60	90.81	
16			GROWTH 2004 - 2008			2.75%	7.50%		9.66%
17			2009	0.3714	9.00%	3.34%		92.50	1.86%
18			2010	0.3909	9.00%	3.52%		93.50	1.47%
19			2012-14	0.4400	9.50%	4.18%	4.00%	110.00	3.91%
20									
21	LG	LACLEDE GROUP, INC.	2004	0.2582	10.10%	2.61%	16.96	20.98	
22			2005	0.2789	10.90%	3.04%	17.31	21.17	
23			2006	0.4093	12.50%	5.12%	18.85	21.36	
24			2007	0.3723	11.60%	4.32%	19.79	21.65	
25			2008	0.4356	11.80%	5.14%	22.12	21.99	
26			GROWTH 2004 - 2008			4.04%	5.50%		1.18%
27			2009	0.4814	12.00%	5.78%		22.50	2.32%
28			2010	0.3962	11.00%	4.36%		23.00	2.27%
29			2012-14	0.4333	11.00%	4.77%	5.50%	26.00	3.41%
30									
31	NJR	NEW JERSEY RESOURCES CORPORATION	2004	0.4882	15.30%	7.47%	11.25	41.61	
32			2005	0.4859	17.00%	8.26%	10.60	41.32	
33			2006	0.4866	12.60%	6.13%	15.00	41.44	
34			2007	0.3484	10.10%	3.52%	15.50	41.61	
35			2008	0.5889	15.70%	9.25%	17.28	42.06	
36			GROWTH 2004 - 2008			6.93%	11.50%		0.27%
37			2009	0.4939	13.00%	6.42%		42.50	1.05%
38			2010	0.5259	13.00%	6.84%		43.00	1.11%
39			2012-14	0.5000	10.00%	5.00%	9.50%	45.00	1.36%

REFERENCES:  
COLUMNS (A) & (B): VALUE LINE INVESTMENT SURVEY  
- RATINGS & REPORTS DATED 09/11/2009  
COLUMN (C): COLUMN (A) x COLUMN (B)  
COLUMN (D): LINES 6, 16, 26 & 36, SIMPLE AVERAGE GROWTH, 2004 - 2008  
COLUMN (E): VALUE LINE INVESTMENT SURVEY  
COLUMN (F): COMPOUND GROWTH RATES OF DATES SHOWN



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
DIVIDEND GROWTH COMPONENTS

DOCKET NO. SW-02361A-08-0609  
SCHEDULE WAR - 5, PAGE 3 OF 4

LINE NO.	STOCK SYMBOL	NATURAL GAS LDC NAME	OPERATING PERIOD	(A) RETENTION RATIO (b)	(B) RETURN ON BOOK EQUITY (r)	(C) DIVIDEND GROWTH (g)	(D) BOOK VALUE (\$/SHARE)	(E) SHARES OUTST. (MILLIONS)	(F) SHARE GROWTH
1	GAS	NICOR, INC.	2004	0.1622	13.10%	2.12%	16.99	44.10	
2			2005	0.1806	12.50%	2.26%	18.36	44.18	
3			2006	0.3519	14.70%	5.17%	19.43	44.90	
4			2007	0.3779	14.30%	5.40%	20.58	45.90	
5			2008	0.2928	12.30%	3.60%	21.55	45.13	
6			GROWTH 2004 - 2008			3.71%	4.00%		0.56%
7			2009	0.2706	11.50%	3.11%		45.50	0.82%
8			2010	0.3474	12.50%	4.34%		45.50	0.41%
9			2012-14	0.4277	12.00%	5.13%	4.50%	45.50	0.16%
10									
11	NWN	NORTHWEST NATURAL GAS CO.	2004	0.3011	8.90%	2.68%	20.64	27.55	
12			2005	0.3744	9.90%	3.71%	21.28	27.58	
13			2006	0.4085	10.90%	4.45%	22.01	27.24	
14			2007	0.4783	12.50%	5.98%	22.52	26.41	
15			2008	0.4086	10.90%	4.45%	23.71	26.50	
16			GROWTH 2004 - 2008			4.25%	3.50%		-0.97%
17			2009	0.4386	11.00%	4.82%		26.50	0.00%
18			2010	0.4105	11.00%	4.52%		26.50	0.00%
19			2012-14	0.4203	11.00%	4.62%	5.00%	28.00	1.11%
20									
21	PNY	PIEDMONT NATURAL GAS COMPANY	2004	0.3307	11.10%	3.67%	11.15	76.67	
22			2005	0.3106	11.50%	3.57%	11.53	76.70	
23			2006	0.2520	11.00%	2.77%	11.83	74.61	
24			2007	0.2929	11.90%	3.49%	11.99	73.23	
25			2008	0.3087	12.40%	3.83%	12.11	73.26	
26			GROWTH 2004 - 2008			3.47%	6.00%		-1.13%
27			2009	0.3313	12.50%	4.14%		73.50	0.33%
28			2010	0.3471	13.00%	4.51%		73.50	0.16%
29			2012-14	0.3526	12.50%	4.41%	4.00%	73.00	-0.07%
30									
31	SJI	SOUTH JERSEY INDUSTRIES, INC.	2004	0.4810	12.50%	6.01%	12.41	27.76	
32			2005	0.4971	12.40%	6.16%	13.50	28.98	
33			2006	0.6260	16.30%	10.20%	15.11	29.33	
34			2007	0.5167	12.80%	6.61%	16.25	29.61	
35			2008	0.5110	13.10%	6.69%	17.33	29.73	
36			GROWTH 2004 - 2008			7.14%	11.00%		1.73%
37			2009	0.5000	12.50%	6.25%		30.00	0.91%
38			2010	0.5170	13.50%	6.98%		31.00	2.11%
39			2012-14	0.5161	13.50%	6.97%	6.00%	33.00	2.11%

REFERENCES:

COLUMNS (A) & (B): VALUE LINE INVESTMENT SURVEY

- RATINGS & REPORTS DATED 09/1/2009

COLUMN (C): COLUMN (A) x COLUMN (B)

COLUMN (D): LINES 6, 16, 26 & 36, SIMPLE AVERAGE GROWTH, 2004 - 2008

COLUMN (D): VALUE LINE INVESTMENT SURVEY

COLUMN (E): LINES 6, 16, 26 & 36, COMPOUND GROWTH RATE

COLUMN (F): VALUE LINE INVESTMENT SURVEY

COLUMN (F): COMPOUND GROWTH RATES OF DATES SHOWN



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
DIVIDEND GROWTH COMPONENTS

DOCKET NO. SW-02361A-08-0609  
SCHEDULE WAR - 5, PAGE 4 OF 4

LINE NO.	STOCK SYMBOL	NATURAL GAS LDC NAME	OPERATING PERIOD	(A) RETENTION RATIO (b)	(B) RETURN ON BOOK EQUITY (r) =	(C) DIVIDEND GROWTH (g)	(D) BOOK VALUE (\$/SHARE)	(E) SHARES OUTST. (MILLIONS)	(F) SHARE GROWTH
1	SWX	SOUTHWEST GAS CORPORATION	2004	0.5060	8.30%	4.20%	19.18	36.79	
2			2005	0.3440	6.40%	2.20%	19.10	39.33	
3			2006	0.5859	8.90%	5.21%	21.58	41.77	
4			2007	0.5590	8.50%	4.75%	22.98	42.81	
5			2008	0.3525	5.90%	2.08%	23.49	44.19	
6			GROWTH 2004 - 2008			3.69%	5.00%		4.69%
7			2009	0.4571	7.00%	3.20%		45.50	2.96%
8			2010	0.4737	7.50%	3.55%		47.00	3.13%
9			2012-14	0.5000	8.00%	4.00%	3.50%	50.00	2.50%
10									
11	WGL	WGL HOLDINGS, INC.	2004	0.3434	11.70%	4.02%	16.95	48.67	
12			2005	0.3803	11.70%	4.45%	17.80	48.65	
13			2006	0.3041	10.30%	3.13%	18.86	48.89	
14			2007	0.3476	10.40%	3.62%	19.83	49.45	
15			2008	0.4221	11.60%	4.90%	20.99	49.92	
16			GROWTH 2004 - 2008			4.02%	4.50%		0.64%
17			2009	0.4120	12.00%	4.94%		50.00	0.16%
18			2010	0.4078	11.50%	4.69%		50.00	0.08%
19			2012-14	0.3963	11.00%	4.36%	4.50%	50.00	0.03%

REFERENCES:

COLUMNS (A) & (B): VALUE LINE INVESTMENT SURVEY  
- RATINGS & REPORTS DATED 09/11/2009

COLUMN (C): COLUMN (A) x COLUMN (B)

COLUMN (C): LINES 6 & 16, SIMPLE AVERAGE GROWTH, 2004 - 2008

COLUMN (D): VALUE LINE INVESTMENT SURVEY

COLUMN (D): LINES 6 & 16, COMPOUND GROWTH RATE

COLUMN (E): VALUE LINE INVESTMENT SURVEY

COLUMN (F): COMPOUND GROWTH RATES OF DATES SHOWN



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
GROWTH RATE COMPARISON

DOCKET NO. SW-02361A-08-0609  
SCHEDULE WAR - 6

WATER COMPANY SAMPLE:

LINE NO.	STOCK SYMBOL	(A) ZACKS EPS	(B) ZACKS EPS	(C) VALUE LINE PROJECTED DPS	(D) VALUE LINE HISTORIC DPS	(E) VALUE LINE & ZACKS AVGS.	(F) 5 - YEAR COMPOUND HISTORY DPS	BVPS
1	AWR	8.18%	7.00%	5.00%	2.00%	5.43%	2.96%	4.57%
2	CWT	6.65%	8.20%	2.50%	0.50%	4.71%	0.87%	5.55%
3	WTR	5.54%	7.50%	4.50%	8.00%	7.43%	8.35%	7.34%
4				4.00%	3.50%		4.06%	5.82%
5	AVERAGES	6.79%	7.57%	5.58%	5.56%	5.85%	5.56%	

NATURAL GAS LDC SAMPLE:

LINE NO.	STOCK SYMBOL	(A) ZACKS EPS	(B) ZACKS EPS	(C) VALUE LINE PROJECTED DPS	(D) VALUE LINE HISTORIC DPS	(E) VALUE LINE & ZACKS AVGS.	(F) 5 - YEAR COMPOUND HISTORY DPS	BVPS
1	AGL	5.85%	5.30%	2.50%	8.50%	5.61%	9.94%	4.43%
2	ATO	11.58%	5.00%	1.50%	5.00%	4.07%	1.60%	5.78%
3	LG	5.15%	3.00%	2.50%	9.50%	4.43%	2.50%	6.87%
4	NJR	5.73%	6.00%	5.50%	7.50%	7.21%	6.28%	11.33%
5	GAS	5.18%	4.20%	-	1.00%	2.78%	0.00%	6.12%
6	NWN	4.97%	6.00%	5.50%	8.00%	5.14%	3.99%	3.53%
7	PNY	4.75%	6.70%	3.50%	6.50%	5.24%	4.92%	2.09%
8	SJI	7.91%	9.60%	7.00%	13.00%	8.30%	7.86%	8.71%
9	SWX	8.94%	6.00%	5.00%	9.00%	4.86%	2.35%	5.20%
10	WGL	4.38%	5.00%	3.00%	4.00%	3.79%	2.05%	5.49%
11				4.00%	3.25%	0.00%	4.15%	5.95%
12	AVERAGES	6.45%	5.68%	4.38%	5.77%	5.14%	5.36%	

REFERENCES:

COLUMN (A): SCHEDULE WAR - 4, PAGE 1, COLUMN C  
COLUMN (B): ZACKS INVESTMENT RESEARCH (www.zacks.com)  
COLUMN (C): VALUE LINE INVESTMENT SURVEY - RATINGS & REPORTS DATED 07/24/2009 (WATER COMPANIES) AND 09/11/2009 (NATURAL GAS LDC's)  
COLUMN (D): VALUE LINE INVESTMENT SURVEY - RATINGS & REPORTS DATED 07/24/2009 (WATER COMPANIES) AND 09/11/2009 (NATURAL GAS LDC's)  
COLUMN (E): SIMPLE AVERAGE OF COLUMNS (B) THRU (D) LINES 1 THRU 3 (WATER) AND 1 THRU 10 (NATURAL GAS)  
COLUMN (F): 5-YEAR ANNUAL GROWTH RATE CALCULATED WITH DATA COMPILED FROM VALUE LINE INVESTMENT SURVEY - RATINGS & REPORTS DATED 07/24/2009 (WATER COMPANIES) AND 09/11/2009 (NATURAL GAS LDC's)



BASED ON A GEOMETRIC MEAN:

LINE NO.	STOCK SYMBOL	(A)					(B)
		k	=	r <sub>f</sub>	+ [ β x ( r <sub>m</sub> - r <sub>f</sub> ) ]	=	EXPECTED RETURN
1	AWR	k	=	2.51%	+ [ 0.80 x ( 9.60% - 5.40% ) ]	=	5.87%
2	CWT	k	=	2.51%	+ [ 0.80 x ( 9.60% - 5.40% ) ]	=	5.87%
3	WTR	k	=	2.51%	+ [ 0.65 x ( 9.60% - 5.40% ) ]	=	5.24%
4	WATER COMPANY AVERAGE				0.75		5.66%
5	AGL	k	=	2.51%	+ [ 0.75 x ( 9.60% - 5.40% ) ]	=	5.66%
6	ATO	k	=	2.51%	+ [ 0.65 x ( 9.60% - 5.40% ) ]	=	5.24%
7	LG	k	=	2.51%	+ [ 0.60 x ( 9.60% - 5.40% ) ]	=	5.03%
8	NJR	k	=	2.51%	+ [ 0.65 x ( 9.60% - 5.40% ) ]	=	5.24%
9	GAS	k	=	2.51%	+ [ 0.70 x ( 9.60% - 5.40% ) ]	=	5.45%
10	NWN	k	=	2.51%	+ [ 0.60 x ( 9.60% - 5.40% ) ]	=	5.03%
11	PNY	k	=	2.51%	+ [ 0.65 x ( 9.60% - 5.40% ) ]	=	5.24%
12	SJI	k	=	2.51%	+ [ 0.65 x ( 9.60% - 5.40% ) ]	=	5.24%
13	SWX	k	=	2.51%	+ [ 0.75 x ( 9.60% - 5.40% ) ]	=	5.66%
14	WGL	k	=	2.51%	+ [ 0.65 x ( 9.60% - 5.40% ) ]	=	5.24%
15	NATURAL GAS LDC AVERAGE				0.67		5.30%

REFERENCES:

COLUMN (A): SHARPE LITNER CAPITAL ASSET PRICING MODEL ("CAPM") FORMULA

$$k = r_f + [ \beta (r_m - r_f) ]$$

WHERE:

k = THE EXPECTED RETURN ON A GIVEN SECURITY

r<sub>f</sub> = RATE OF RETURN ON A RISK FREE ASSET PROXY (a)

β = THE BETA COEFFICIENT OF A GIVEN SECURITY

r<sub>m</sub> = PROXY FOR THE MARKET RATE OF RETURN (b)

r<sub>f</sub> = PROXY FOR THE RISK FREE RATE ON INTERMEDIATE TREASURIES (b)

COLUMN (B): EXPECTED RATE OF RETURN USING THE CAPM FORMULA

NOTES

(a) AN 8-WEEK AVERAGE OF THE YIELD ON A 5-YEAR U.S. TREASURY INSTRUMENT THAT APPEARED IN

VALUE LINE INVESTMENT SURVEYS "SELECTION & OPINIONS" PUBLICATION FROM 07/24/2009

THROUGH 09/11/2009 WAS USED AS A RISK FREE RATE OF RETURN.

(b) THE RISK PREMIUM (RM - RF) USED THE GEOMETRIC MEAN FOR S&P 500 TOTAL RETURNS

OVER THE 1926 - 2008 PERIOD MINUS TOTAL RETURNS ON INTERMEDIATE TREASURIES DURING THE SAME PERIOD

THE DATA WAS OBTAINED FROM MORNINGSTAR'S STOCKS, BONDS, BILLS AND INFLATION: 2009 YEARBOOK.



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
CAPM COST OF EQUITY CAPITAL

DOCKET NO. SW-02361A-06-0609  
SCHEDULE WAR - 7, PAGE 2 OF 2

BASED ON AN ARITHMETIC MEAN:

LINE NO.	STOCK SYMBOL	(A)					(B)
		k	=	r <sub>f</sub>	+	[ β x ( r <sub>m</sub> - r <sub>f</sub> ) ]	EXPECTED RETURN
1	AVR	k	=	2.51%	+	[ 0.80 x ( 11.70% - 5.60% ) ]	= 7.39%
2	CWT	k	=	2.51%	+	[ 0.80 x ( 11.70% - 5.60% ) ]	= 7.39%
3	WTR	k	=	2.51%	+	[ 0.85 x ( 11.70% - 5.60% ) ]	= 6.47%
4	WATER COMPANY AVERAGE					0.75	7.08%
5	AGL	k	=	2.51%	+	[ 0.75 x ( 11.70% - 5.60% ) ]	= 7.08%
6	ATO	k	=	2.51%	+	[ 0.65 x ( 11.70% - 5.60% ) ]	= 6.47%
7	LG	k	=	2.51%	+	[ 0.60 x ( 11.70% - 5.60% ) ]	= 6.17%
8	NJR	k	=	2.51%	+	[ 0.65 x ( 11.70% - 5.60% ) ]	= 6.47%
9	GAS	k	=	2.51%	+	[ 0.70 x ( 11.70% - 5.60% ) ]	= 6.78%
10	NWN	k	=	2.51%	+	[ 0.60 x ( 11.70% - 5.60% ) ]	= 6.17%
11	PNY	k	=	2.51%	+	[ 0.65 x ( 11.70% - 5.60% ) ]	= 6.47%
12	SJI	k	=	2.51%	+	[ 0.65 x ( 11.70% - 5.60% ) ]	= 6.47%
13	SWX	k	=	2.51%	+	[ 0.75 x ( 11.70% - 5.60% ) ]	= 7.08%
14	WGL	k	=	2.51%	+	[ 0.65 x ( 11.70% - 5.60% ) ]	= 6.47%
15	NATURAL GAS LDC AVERAGE					0.67	6.56%

REFERENCES:

COLUMN (A): SHARPE LITNER CAPITAL ASSET PRICING MODEL ("CAPM") FORMULA

$$k = r_f + [\beta (r_m - r_f)]$$

WHERE:

k = THE EXPECTED RETURN ON A GIVEN SECURITY

r<sub>f</sub> = RATE OF RETURN ON A RISK FREE ASSET PROXY (a)

β = THE BETA COEFFICIENT OF A GIVEN SECURITY

r<sub>m</sub> = PROXY FOR THE MARKET RATE OF RETURN (b)

r<sub>f</sub> = PROXY FOR THE RISK FREE RATE ON INTERMEDIATE TREASURIES (b)

COLUMN (B): EXPECTED RATE OF RETURN USING THE CAPM FORMULA

NOTES

(a) AN 8-WEEK AVERAGE OF THE YIELD ON A 5-YEAR U.S. TREASURY INSTRUMENT THAT APPEARED IN VALUE LINE INVESTMENT SURVEYS "SELECTION & OPINIONS" PUBLICATION FROM 07/24/2009 THROUGH 09/11/2009 WAS USED AS A RISK FREE RATE OF RETURN.

(b) THE RISK PREMIUM (RM - RF) USED THE ARITHMETIC MEAN FOR S&P 500 TOTAL RETURNS OVER THE 1926 - 2008 PERIOD MINUS TOTAL RETURNS ON INTERMEDIATE TREASURIES DURING THE SAME PERIOD. THE DATA WAS OBTAINED FROM MORNINGSTAR'S STOCKS, BONDS, BILLS AND INFLATION: 2008 YEARBOOK



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
ECONOMIC INDICATORS - 1990 TO PRESENT

DOCKET NO. SW-02361A-08-0609  
SCHEDULE WAR - 8

LINE NO.	YEAR	(A) CHANGE IN CPI	(B) CHANGE IN GDP (1996 \$)	(C) PRIME RATE	(D) FED. DISC. RATE	(E) FED. FUNDS RATE	(F) 91-DAY T-BILLS	(G) 30-YR T-BONDS	(H) A-RATED UTIL. BOND YIELD	(I) Baa-RATED UTIL. BOND YIELD
1	1990	5.39%	1.90%	10.01%	6.98%	8.10%	7.50%	7.49%	9.86%	10.06%
2	1991	4.25%	-0.20%	8.46%	5.45%	5.69%	5.38%	5.38%	9.36%	9.55%
3	1992	3.03%	3.30%	6.25%	3.25%	3.52%	3.43%	3.43%	8.69%	8.86%
4	1993	2.96%	2.70%	6.00%	3.00%	3.02%	3.00%	3.00%	7.59%	7.91%
5	1994	2.61%	4.00%	7.14%	3.60%	4.21%	4.25%	4.25%	8.31%	8.63%
6	1995	2.81%	2.50%	8.83%	5.21%	5.83%	5.49%	5.49%	7.89%	8.29%
7	1996	2.93%	3.70%	8.27%	5.02%	5.30%	5.01%	5.01%	7.75%	8.17%
8	1997	2.34%	4.50%	8.44%	5.00%	5.46%	5.06%	5.06%	7.60%	8.12%
9	1998	1.55%	4.20%	8.35%	4.92%	5.35%	4.78%	4.78%	7.04%	7.27%
10	1999	2.19%	4.50%	7.99%	4.62%	4.97%	4.64%	4.64%	7.62%	7.88%
11	2000	3.38%	3.70%	9.23%	5.73%	6.24%	5.82%	5.82%	8.24%	8.36%
12	2001	2.83%	0.80%	6.92%	3.41%	3.88%	3.40%	5.95%	7.59%	8.02%
13	2002	1.59%	1.60%	4.67%	1.17%	1.67%	1.61%	5.38%	7.41%	7.98%
14	2003	2.27%	2.50%	4.12%	2.03%	1.13%	1.01%	4.92%	6.18%	6.64%
15	2004	2.68%	3.60%	4.34%	2.34%	1.35%	1.37%	5.03%	5.77%	6.20%
16	2005	3.39%	2.90%	6.16%	4.19%	3.22%	3.15%	4.57%	5.38%	5.78%
17	2006	3.24%	2.80%	7.97%	5.96%	4.97%	4.73%	4.91%	5.94%	6.30%
18	2007	2.85%	2.00%	8.05%	5.86%	5.02%	4.36%	4.84%	6.07%	6.24%
19	2008	3.58%	1.30%	5.09%	2.39%	1.92%	1.37%	4.28%	6.34%	6.64%
20	CURRENT	-1.40%	-1.00%	3.25%	0.50%	0.00% - 0.25%	0.13%	4.12%	5.45%	6.14%

REFERENCES:

COLUMN (A): 1990 - CURRENT, U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS WEB SITE  
COLUMN (B): 1990 - CURRENT, U.S. DEPARTMENT OF COMMERCE, BUREAU OF ECONOMIC ANALYSIS WEB SITE  
COLUMN (C) THROUGH (G): 1990 - 2003, FEDERAL RESERVE BANK OF ST. LOUIS WEB SITE  
COLUMN (C) THROUGH (D): CURRENT, THE VALUE LINE INVESTMENT SURVEY, DATED 09/11/2009  
COLUMN (F) THROUGH (I): CURRENT, THE VALUE LINE INVESTMENT SURVEY, DATED 09/11/2009  
COLUMN (H) THROUGH (I): 1990 - 2000, MOODY'S PUBLIC UTILITY REPORTS  
COLUMN (H) THROUGH (I): 2001, MIERGENT 2002 PUBLIC UTILITY MANUAL



BLACK MOUNTAIN SEWER CORPORATION  
TEST YEAR ENDED JUNE 30, 2008  
CAPITAL STRUCTURES OF SAMPLE COMPANIES

DOCKET NO. SW-02361A-08-0609  
SCHEDULE WAR - 9

AVERAGE CAPITAL STRUCTURES OF SAMPLE WATER COMPANIES

LINE NO.	AWR	PCT.	CWT	PCT.	WTR	PCT.	AVERAGE	PCT.	WATER COMPANY
1	DEBT	\$ 286.5	46.2%	\$ 287.5	41.6%	\$ 1,248.1	54.1%	\$ 450.5	50.4%
2	PREFERRED STOCK	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
3	COMMON EQUITY	310.5	53.8%	402.9	58.4%	1,058.4	45.9%	443.0	49.6%
4	TOTALS	\$ 577.0	100%	\$ 690.4	100%	\$ 2,306.5	100%	\$ 893.5	100%

AVERAGE CAPITAL STRUCTURES OF SAMPLE NATURAL GAS COMPANIES

LINE NO.	AGL	PCT.	ATO	PCT.	LG	PCT.	NJR	PCT.	GAS	PCT.
1	DEBT	\$ 1,675.0	50.3%	\$ 2,119.8	50.8%	\$ 389.2	\$ 455.1	38.5%	\$ 448.0	31.5%
2	PREFERRED STOCK	0.0	0.0%	0.0	0.0%	0.5	0.0	0.0%	0.6	0.0%
3	COMMON EQUITY	1,652.0	49.7%	2,052.5	49.2%	486.5	727.0	61.5%	973.1	68.4%
4	TOTALS	\$ 3,327.0	100%	\$ 4,172.3	100%	\$ 876.2	\$ 1,182.1	100%	\$ 1,421.7	100%

LINE NO.	NWN	PCT.	PNY	PCT.	SJI	PCT.	SWX	PCT.	WGL	PCT.
1	DEBT	\$ 512.0	44.9%	\$ 794.3	47.2%	\$ 332.8	\$ 1,185.5	51.0%	\$ 603.7	38.5%
2	PREFERRED STOCK	0.0	0.0%	0.0	0.0%	0.0	100.0	4.3%	28.2	1.8%
3	COMMON EQUITY	628.4	55.1%	887.2	52.8%	515.3	1,037.8	44.7%	935.1	59.7%
4	TOTALS	\$ 1,140.4	100%	\$ 1,681.5	100%	\$ 848.1	\$ 2,323.3	100%	\$ 1,567.0	100%

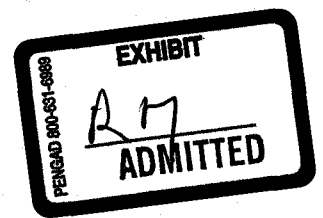
  

LINE NO.	NATURAL GAS LDC AVERAGE	PCT.	WATER & LDC AVERAGE	PCT.
1	DEBT	\$ 851.5	651.0	47.4%
2	PREFERRED STOCK	12.9	6.5	0.5%
3	COMMON EQUITY	989.5	716.2	52.1%
4	TOTALS	\$ 1,854.0	\$ 1,373.7	100%

REFERENCE:  
MOST RECENT SEC 10-K FILINGS OR ANNUAL REPORTS



**BLACK MOUNTAIN SEWER CORPORATION**



**DOCKET NO. SW-02361A-08-0609**

**SURREBUTTAL TESTIMONY**

**OF**

**WILLIAM A. RIGSBY, CRRA**

**ON BEHALF OF**

**THE**

**RESIDENTIAL UTILITY CONSUMER OFFICE**

**NOVEMBER 9, 2009**



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COST OF EQUITY CAPITAL ..... 11

ATTACHMENT A

ATTACHMENT B



**INTRODUCTION**

Q. Please state your name, occupation, and business address.

A. My name is William A. Rigsby. I am a Public Utilities Analyst V employed by the Residential Utility Consumer Office ("RUCO") located at 1110 W. Washington, Suite 220, Phoenix, Arizona 85007.

Q. Please state the purpose of your surrebuttal testimony.

A. The purpose of my testimony is to comment on the proposed agreement between Black Mountain Sewer Corporation ("BMSC" or "Company") and Boulders Home Owners Association ("BHOA") and to respond to BMSC's rebuttal testimony on RUCO's recommended rate of return on invested capital (which includes RUCO's recommended capital structure, cost of long-term debt and cost of common equity) for the Company's wastewater operations in Maricopa County, Arizona.

Q. Have you filed any prior testimony in this case on behalf of RUCO?

A. Yes, on September 18, 2009, I filed direct testimony with the Arizona Corporation Commission ("ACC" or "Commission") on the cost of capital issues associated with this case.

Q. How is your surrebuttal testimony on cost of capital organized?

A. My surrebuttal testimony contains six parts: the introduction that I have just presented; a summary of BMSC's rebuttal testimony; a section on the



1 agreement between BMSC and BHOA, a section on capital structure; a  
2 section on the cost of debt; and, a section on the cost of equity capital.  
3

4 **SUMMARY OF BMSC's REBUTTAL TESTIMONY**

5 Q. Have you reviewed BMSC's rebuttal testimony?

6 A. Yes. I have reviewed the rebuttal testimony of Company witnesses  
7 Gregory S. Sorensen and Thomas J. Bourassa, filed on October 20, 2009,  
8 which addresses the cost of capital issues in this case.  
9

10 Q. Please summarize the Company's rebuttal testimony.

11 A. In his rebuttal testimony, Mr. Sorensen addresses the terms of the  
12 agreement that was reached between BMSC and BHOA to retire the  
13 Company's wastewater treatment plant that has been the subject of odor  
14 problems in the Boulders community portion of BMSC's service territory.  
15 In regard to the cost of capital issues in the case, both Mr. Sorensen and  
16 Mr. Bourassa argue that my cost of equity figure should not be adopted by  
17 the Commission. Mr. Bourassa is critical of both the discounted cash flow  
18 ("DCF") and CAPM analyses that I conducted in order to arrive at my  
19 recommended cost of common equity for BMSC in this case. Mr.  
20 Bourassa takes issue with the growth estimate of my DCF model, my  
21 reliance on geometric means, and various inputs that I used in my CAPM  
22 model. He also takes issue with my recommended hypothetical capital  
23 structure.



**SETTLEMENT AGREEMENT BETWEEN BMSC AND BHOA**

Q. Is RUCO aware of odor problems that have existed in the Boulders community?

A. Yes. RUCO was an intervenor in the prior BMSC rate case in which, as BHOA witness Les Peterson explained in his direct testimony, an odor problem associated with BMSC's facilities was one of the most contentious issues in the proceeding. The Commission was clearly concerned with the odor problem in the Boulders community. As Mr. Peterson states in his testimony the odor issue was addressed in eight pages of Decision no. 69164, dated December 5, 2006.

Q. Has RUCO reviewed the agreement that has been reached between BMSC and BHOA?

A. Yes. RUCO has reviewed the agreement that has been reached between BMSC and BHOA ("Agreement"). RUCO also wants to point out that it is sensitive to the concerns of the Boulders community ratepayers who have had to endure odor problems and wants to see a successful resolution to the problem. That said RUCO has several concerns with the Agreement.

Q. What concerns does RUCO have regarding the odor situation and the Agreement?

A. RUCO has several concerns regarding the odor issue and the terms of the Agreement which calls for closure of the Boulders Wastewater Treatment



1 Plant and redirection of its flow to the City of Scottsdale treatment facility.  
2 RUCO's main concern is whether or not the terms of the proposed  
3 Agreement will actually solve the odor problem in the Boulders  
4 community. RUCO is also concerned about the broader ratemaking  
5 impacts and precedents that the Agreement may have on those BMSC  
6 residential ratepayers that are not directly affected by the odor problems  
7 and on Arizona residential ratepayers in general.  
8

9 Q. Please describe RUCO's main concern as to whether or not the terms of  
10 the proposed Agreement will actually solve the odor problem.

11 A. Based on RUCO's correspondence with attorneys representing ACC Staff,  
12 BMSC and BHOA, there is no firm determination as to the actual source of  
13 the odor problem. Nor is there any firm determination as to whether or not  
14 the removal of the treatment plant, as provided for in the agreement,  
15 would solve the odor problem cited in Mr. Peterson's testimony. Given  
16 this situation, RUCO believes that the Commission needs to know what  
17 the actual source of the problem is before it even considers adopting the  
18 Agreement that is now before them.  
19

20 Q. Please discuss RUCO's other concern regarding the ratemaking impact  
21 and precedents that the Agreement may have.

22 A. RUCO's concerns pertaining to the ratemaking implications of the  
23 Agreement is that the Agreement states that the ACC "must approve a



1 cost recovery mechanism that permits BMSC to recover a return on and of  
2 the capital costs of closure [of plant associated with the odor problem].”  
3 For the same reasons that it has argued in a number of prior and pending  
4 cases before the Commission, RUCO is opposed to the implementation of  
5 cost recovery mechanisms such as the one being proposed in the  
6 Agreement.

7  
8 Q. Please explain why RUCO opposes the implementation of cost recovery  
9 mechanisms such as the one being proposed in the Agreement.

10 A. There are several reasons why RUCO is opposed to the implementation  
11 of cost recovery mechanisms. Cost recovery mechanisms are  
12 extraordinary rate recovery devices that are permitted for certain narrow  
13 circumstances and should not be implemented in lieu of a full rate case  
14 proceeding that allows for a proper analysis of all the ratemaking elements  
15 that need to be considered before implementing new rates. RUCO  
16 believes that cost recovery mechanisms should be given the same weight  
17 as the Commission has given adjustor mechanisms in the past.

18  
19 Q. Can you cite any Commission Decisions in which the Commission denied  
20 the implementation of an adjustor mechanism?

21 A. Yes. In Decision No. 68302, involving Arizona Water Company's ("AWC")  
22 requests for purchased power and purchased water adjustor mechanisms  
23 for AWC's Eastern Group systems, the Commission stated the following:



1                   There is a danger of piecemeal regulation inherent in adjustment mechanisms.  
2                   Because they allow automatic increases in rates without a simultaneous review  
3                   of a utility's unrelated costs, adjustment mechanisms have a built-in potential of  
4                   allowing a utility to increase rates based on certain isolated costs when its other  
5                   costs are declining, or when overall revenues are increasing faster than costs  
6                   due to customer growth. Adjustment mechanisms should therefore be used only  
7                   in extraordinary circumstances to mitigate the effect of uncontrollable price  
8                   volatility or uncertainty in the marketplace.  
9

10                  Likewise, in a later rate case involving AWC's Western Group systems,  
11                  the Commission stated the following in Decision No. 66849:

12                   Although Arizona Water argues that such mechanisms benefit both the Company  
13                   and ratepayers by passing on increased costs and savings, adjustment  
14                   mechanisms may also provide a disincentive for the Company to obtain the  
15                   lowest possible cost commodity because the costs are simply passed through to  
16                   ratepayers.  
17

18                  In both of the aforementioned cases, the Commission denied AWC's  
19                  requests for adjustor mechanisms. Although the Commission was  
20                  addressing requests for adjustor mechanisms in those cases, RUCO  
21                  believes that the language contained in Decision No. 68302, which states  
22                  that "adjustor mechanisms have a built-in potential of allowing a utility to  
23                  increase rates based on certain isolated costs" is just as true of cost  
24                  recovery mechanisms.  
25

26       Q.       What are the drawbacks of establishing a surcharge based on isolated  
27                  costs?

28       A.       The drawbacks are similar to the matching principle problems associated  
29                  with post-test year plant. Because we are dealing with isolated costs  
30                  associated with the retirement of BMSC's treatment facility, we have no  
31                  idea of what the full impact of the proposed retirement will have on other



1 system operating costs such as labor, purchased power, line maintenance  
2 etc. RUCO believes that a full twelve months of post-retirement  
3 accounting information, as opposed to the limited information that would  
4 be available at the time of retirement, would provide both RUCO and ACC  
5 Staff with the opportunity to see what the actual expenses associated with  
6 the retirement are and to set rates that properly reflect BMSC's cost of  
7 service.

8  
9 Q. But isn't it true that in the past the Commission has approved cost  
10 recovery mechanisms, that are similar to the one being proposed in the  
11 Agreement, to allow utilities to recover certain isolated costs associated  
12 with the removal of arsenic from drinking water?

13 A. Yes. That is true. However, unlike the arsenic cost recovery mechanism  
14 ("ACRM"), which was developed to address revised U.S. Environmental  
15 Protection Agency ("EPA") rules that required utilities to reduce levels of  
16 arsenic in drinking water, there is no federal or state law or regulation that  
17 mandates the removal of the treatment facilities in the Boulders  
18 community. The ACRM is a type of adjustor mechanism that was  
19 specifically designed to address a one-time event that impacted dozens of  
20 Arizona water companies, simultaneously.

21  
22 ...  
23



1 Q. Please explain.

2 A. The original ACRM was approved by the Commission to give water  
3 providers in Arizona the ability to recover the costs associated with  
4 meeting the EPA revised drinking water arsenic standard of 10 parts per  
5 billion. The EPA's requirement that water providers comply with the more  
6 stringent standard was in effect an unfunded mandate from the federal  
7 government. Multiple Arizona water providers had no choice but to either  
8 comply with the EPA's rule or face the consequences of being in violation  
9 of it. This being the case, representatives from the state's investor owned  
10 water companies, ACC Staff, and RUCO developed the present ACRM  
11 which allows water utilities to comply with the new EPA standard through  
12 a surcharge that was established within the context of a rate case  
13 proceeding where a constitutional finding of a utility's fair value has been  
14 established. The key point here is that the EPA's revised arsenic standard  
15 represented an extraordinary circumstance that neither Arizona's  
16 government, which includes the Commission, or the state's water  
17 companies, either investor owned or municipal, had any control over, and  
18 that would be impacting a number of water utilities simultaneously which is  
19 not the situation in this case.

20

21

22 ...

23



1 Q. What is RUCO's recommendation in regard to the cost recovery  
2 mechanism proposed in the Agreement?

3 A. For the reasons expressed above, RUCO recommends that the  
4 Commission reject the cost recovery mechanism proposal. However, if  
5 indeed the treatment facility is found to be the source of the odor problem,  
6 RUCO recommends that the Commission allow BMSC to retire the  
7 treatment facility and require the Company to file a general rate case  
8 application twelve months after the retirement. This would provide ACC  
9 Staff, RUCO and any other intervenors the opportunity to conduct a full  
10 analysis of all of the ratemaking elements associated with BMSC's  
11 system, and to see what impact the retirement of the treatment facility has  
12 had on BMSC's cost of providing service. It would also give ACC Staff,  
13 RUCO and other intervenors the ability to provide the Commission with  
14 the information that is needed to set just and reasonable rates for all of the  
15 Company's ratepayers.

16  
17 **CAPITAL STRUCTURE**

18 Q. Have you made any changes to your recommended hypothetical capital  
19 structure?

20 A. No. For the reasons explained in my direct testimony, I am still  
21 recommending that the Commission adopt my recommended hypothetical  
22 capital structure for BMSC.



Q. Please compare the capital structure recommendations of BMSC, ACC Staff and RUCO.

A. A comparison of BMSC, ACC Staff and RUCO's capital structures are as follows:

	<u>BMSC</u>	<u>ACC Staff</u>	<u>RUCO</u>
Long-Term Debt	0.00%	0.00%	40.00%
Common Equity	100.00%	100.00%	60.00%

#### **COST OF DEBT**

Q. Have you made any changes to your recommended hypothetical cost of of long-term debt?

A. No.

Q. Please compare the costs of long-term debt being recommended by BMSC, ACC Staff and RUCO for BMSC.

A. BMSC ACC Staff and RUCO are recommending the following:

BMSC	0.00%
ACC Staff	0.00%
RUCO	6.26%



**COST OF EQUITY CAPITAL**

Q. Has RUCO revised its recommended cost of common equity?

A. No.

Q. What costs of equity capital are the parties to the case recommending?

A. The costs of common equity presently being recommended by BMSC, ACC Staff and RUCO are as follows:

BMSC	12.40%
ACC Staff	9.60%
RUCO	8.22%

Q. What are the weighted average costs of capital ("WACC") presently being recommended by the Company, ACC Staff and RUCO?

A. The WACC presently being recommended by the BMSC, ACC Staff and RUCO are as follows:

BMSC	12.40%
ACC Staff	9.60%
RUCO	7.43%

As can be seen above, there is presently a 497 basis point difference between the Company-proposed 12.40 percent WACC and RUCO's



1 recommended WACC of 7.43 percent. The difference between ACC Staff  
2 Witness Juan C. Manrique's recommended WACC and my  
3 recommendation is 217 basis points.

4  
5 Q. Has there been any recent activity in regard to interest rates?

6 A. Yes. On November 4, 2009, the Federal Reserve decided not to increase  
7 or decrease the federal funds rate and kept it between zero and 0.25  
8 percent. According to an article<sup>1</sup> that appeared in The Wall Street Journal  
9 on Thursday November 5, 2009, the Federal Reserve affirmed its plan to  
10 keep interest rates "exceptionally low" for a long time despite signs  
11 of economic recovery. But the Fed began to lay rhetorical groundwork for  
12 an eventual shift in its stance, suggesting that when the unemployment  
13 rate falls or if expectations of inflation turn up, it could change course.  
14 "Economic activity has continued to pick up," the Fed said in a statement  
15 following a two-day meeting. The article went on to state that, although  
16 consumer spending has improved and housing activity has increased,  
17 businesses were retrenching at a slower pace.

18  
19 Q. Have you made any changes to the 8.22 percent cost of common equity  
20 that you recommended in your direct testimony?

21 A. No.  
22

---

<sup>1</sup> Hilsenrath, Jon, "Fed to Keep Rates Low Despite Pickup," The Wall Street Journal, November 5, 2009.



1 Q. Has Mr. Bourassa made any changes to his recommended cost of equity  
2 capital?

3 A. Yes. Mr. Bourassa has decreased his original recommended return on  
4 common equity from 12.80 percent to 12.40 percent.

5

6 Q. Please address Mr. Sorensen's argument that your recommended 8.22  
7 percent cost of common equity is too low to attract investment in the State  
8 of Arizona.

9 A. I would say that my 8.22 percent return on common equity for BMSC looks  
10 very attractive to investors in all 50 states considering the fact that, as of  
11 October 23, 2009, Value Line's analysts are projecting a long-term 7.50  
12 percent return on book common equity for the water utility industry as a  
13 whole.

14

15 Q. Do you agree with Mr. Sorensen that you are ignoring the 9.4 percent  
16 intercompany debt agreement that is being recovered on a dollar-for-dollar  
17 basis as an operating expense?

18 A. No. In fact had the inter-company debt obligation been an actual debt  
19 obligation with a third party lender, a responsible management would have  
20 refinanced it at a lower rate of interest long before the proceeding that  
21 adopted the present treatment of it. For all practical purposes that debt  
22 obligation and the debt service requirements on it is a non-issue in this  
23 case since it is being fully recovered as an operating expense.



1 Q. What is your response to Mr. Sorensen's and Mr. Bourassa's criticism of  
2 your recommended hypothetical capital structure and hypothetical cost of  
3 debt recommendations?

4 A. I would remind both of them that the Commission made it clear in the prior  
5 Gold Canyon Sewer Company case that it was not enamored with the  
6 Company's decision to maintain a capital structure comprised of nothing  
7 but high cost equity capital. The Commission also agreed with RUCO's  
8 recommended synchronized interest calculation for establishing an  
9 appropriate level of income tax expense that reflects the tax advantages  
10 associated with debt financing.

11

12 Q. Do you still believe that your use of a sample of natural gas LDC's is  
13 appropriate despite Mr. Bourassa's arguments to the contrary?

14 Y. Yes.

15

16 Q. Have other analysts used natural gas LDC's as proxies in water utility rate  
17 case proceedings before the ACC?

18 A. Yes, in the Arizona-American Water Company (Arizona-American) rate  
19 case that is now pending before the Commission, the cost of capital  
20 witness for Arizona-American also relied on a sample group of natural gas  
21 LDCs.

22



1 Q. Please explain why you believe it is appropriate to use a sample group of  
2 natural gas LDC's to estimate the cost of equity capital in a water utility  
3 rate case proceeding.

4 A. For the most part, natural gas LDC's have very similar operating  
5 characteristics with water companies such as BMSC and are therefore a  
6 good proxy for water and wastewater utility cost of capital studies. Their  
7 inclusion also provides a larger sample to obtain an estimate from. In the  
8 recent Arizona-American Water Company ("Arizona-American") Sun City  
9 West Wastewater District Case, Arizona-American's cost of capital  
10 consultant also used a sample of LDC's to arrive at her final cost of equity  
11 estimate. In fact, in its initial closing brief in that case, Arizona-American  
12 criticized RUCO for relying on its water utility sample DCF results, and for  
13 failing to give more weight to the results of RUCO's LDC sample results<sup>2</sup>.

14 Arizona-American stated the following:

15 "Mr. Rigsby's base calculation is also flawed. His DCF recommendation  
16 equally weighted his DCF evaluations for his water utility samples and  
17 his gas utility samples.<sup>152</sup> Unfortunately, his water utility sample only  
18 contained four companies.<sup>153</sup> Mr. Rigsby conceded that he "would like to  
19 see a broader sample.<sup>154</sup> However, he went ahead and weighted this  
20 sample equally with his gas utility sample, which contained 10  
21 companies.<sup>155</sup>

22  
23 Mr. Rigsby should have excluded the results of his DCF analysis for  
24 water utilities. Four companies are just not enough, as he admits.  
25 Unusual events at just one company can unduly affect the entire sample,  
26 a risk that is smoothed when a larger sample is used. If we just exclude  
27 the DCF results for the water-utility sample, Mr. Rigsby's ROE estimate  
28 would increase significantly....."  
29

---

<sup>2</sup> Initial Closing Brief of Arizona-American Water Company, Docket No. WS-01303A-06-0491



1 Q. Do you believe that an upward adjustment is needed for your  
2 recommended cost of equity given your use of a sample group of LDC's  
3 that have a lower average beta than the one calculated for your sample  
4 group of water utilities?

5 A. No. Given the current state of the economy (an issue which Mr. Bourassa  
6 also believes justifies higher rates of return) I believe that my  
7 recommended 8.22 percent cost of equity is actually generous.

8  
9 Q. Please explain why you believe that your recommended 8.22 percent cost  
10 of equity is actually generous.

11 A. It is no secret that since the current downturn in the economy has  
12 occurred there has been a "flight to quality" by investors who have pulled  
13 their funds out of the equity markets and have put them into U.S. Treasury  
14 instruments, which are yielding next to nothing, in order to avoid any  
15 further loss of capital. If investors are willing to accept lower yields on  
16 Treasury instruments that are ranging from 0.06 percent, on a 91-day T-  
17 bill, to 4.26 percent, on a long-term 30-year Treasury bond (Attachment  
18 A), then Mr. Bourassa's proposed 12.40 percent cost of equity figure is  
19 clearly excessive given that water utilities and natural gas LDC's are  
20 currently being viewed as safe investments.

21



1 Q. Can you back up your statement that water utilities and natural gas LDC's  
2 are currently being viewed as safe investments during an economic  
3 downturn?

4 A. Yes. In the most recent Value Line update on the water utility industry,  
5 dated October 23, 2009, Value Line analyst Andre J. Costanza had this to  
6 say:

7 This industry is a good place for cautious investors looking to park  
8 themselves until a sustained market recovery is evident. Water  
9 utility stocks are historically more recession proof than the broader  
10 market, with their steady dividend growth reducing turbulence in  
11 share price and padding returns.  
12  
13

14  
15 Q. What is Value Line's view on natural gas LDC's?

16 A. Value Line analyst Richard Gallagher had this to say in the September 11,  
17 natural gas utility update:

18 Still, risk-averse investors may want to consider this group if the  
19 economic recovery stalls. Natural gas utilities tend to be a solid  
20 defensive play when the stock market is faltering.  
21

22 Q. Are there other reasons you can cite as to why you think that a higher  
23 return is not needed to attract investors?

24 A. Yes. One has to take into consideration that the investment community at  
25 large is well aware of the fact that regulated utilities, such as BMSC, are  
26 indeed different from non-regulated entities in terms of how they recover  
27 their costs. This information is taken into account when institutions and  
28 individual investors make their decisions on where to place their funds.



1 The best example of this can be seen in an MSN Money/CNBC article<sup>3</sup>  
2 authored by Jon D. Markman, a weekly columnist for CNBC (Attachment  
3 B). In his article, Mr. Markman pitched his suggestions for investing in  
4 what some believe to be a coming global water shortage. In regard to  
5 domestic utilities, Markman had this to say:

6 "Virtually all of the U.S. water utility stocks are regulated by states  
7 and counties, which makes them pretty dull. Governmental entities  
8 typically give utilities a monopoly in a geographic region, then set  
9 their profit margin a smidge above costs. Just about the only  
10 distinguishing factor among them are the growth rates of their  
11 regions and their ability to efficiently manage their underground pipe  
12 and pumping infrastructure."  
13  
14  
15

16 Q. Is Mr. Bourassa correct in his assertion that you did not use the  
17 appropriate inputs to calculate a market risk premium in your CAPM  
18 model?

19 A. No. Despite Mr. Bourassa's assertion, I have used an appropriate  
20 Treasury instrument to calculate the risk premium in my CAPM model.  
21 The risk premium that I have calculated has also been calculated in the  
22 same manner by both ACC Staff and other cost of capital witnesses  
23 whose cost of capital recommendations have been adopted by the  
24 Commission. Mr. Bourassa's assertion that I should not have used total  
25 returns in the market risk premium component of the CAPM is unfounded.  
26 While it is true that investors are typically attracted to utility stocks for their

---

<sup>3</sup> Markman, Jon D, "Invest in the Coming Global Water Shortage," MSN.com, January 12, 2005, <http://moneycentral.msn.com/content/P102152.asp>.



1 income needs, it is simply not rational to think that they would not expect  
2 some capital gains as well.  
3

4 Q. Please address Mr. Bourassa's position that your method of averaging  
5 your DCF and CAPM estimates for both your water utility and LDC sample  
6 companies has produced a depressed cost of equity capital.

7 A. The mean averaging method that I have used to arrive at my final cost of  
8 equity estimate has been adopted by the Commission in a number of rate  
9 case proceedings. It is identical to the mean averaging method that has  
10 been used by ACC Staff to arrive at final cost of equity estimates. This  
11 being the case, I see no reason to change or modify my recommended  
12 cost of equity that was derived by averaging the results of my DCF and  
13 CAPM results.  
14

15 Q. Please respond to Mr. Bourassa's criticism of your reliance on geometric  
16 means in the CAPM model.

17 A. As I stated in my direct testimony there is an on-going debate over which  
18 is the better average to rely on. However, it is important to recognize that  
19 the information on both means, published by Morningstar, is widely  
20 available to the investment community. For this reason alone I believe  
21 that the use of both means in a CAPM analysis is appropriate.

22 The best argument in favor of the geometric mean is that it provides a  
23 truer picture of the effects of compounding on the value of an investment



1 when return variability exists. This is particularly relevant in the case of  
2 the return on the stock market, which has had its share of ups and downs  
3 over the 1926 to 2007 observation period used in my CAPM analysis.  
4

5 Q. Can you provide an example to illustrate the differences between the two  
6 averages?

7 A. Yes. The following example may help. Suppose you invest \$100 and  
8 realize a 20.0 percent return over the course of a year. So at the end of  
9 year 1, your original \$100 investment is now worth \$120. Now let's say  
10 that over the course of a second year you are not as fortunate and the  
11 value of your investment falls by 20.0 percent. As a result of this, the  
12 \$120 value of your original \$100 investment falls to \$96. An arithmetic  
13 mean of the return on your investment over the two-year period is zero  
14 percent calculated as follows:  
15

16  $(\text{year 1 return} + \text{year 2 return}) \div \text{number of periods} =$

17  $(20.0\% + -20.0\%) \div 2 =$

18  $(0.0\%) \div 2 = \underline{0.0\%}$   
19

20 The arithmetic mean calculated above would lead you to believe that you  
21 didn't gain or lose anything over the two-year investment period and that  
22 your original \$100 investment is still worth \$100. But in reality, your  
23 original \$100 investment is only worth \$96. A geometric mean on the



1 other hand calculates a compound return of negative 2.02 percent as  
2 follows:

3  
4 
$$(\text{year 2 value} \div \text{original value})^{1/\text{number of periods}} - 1 =$$

5 
$$(\$96 \div \$100)^{1/2} - 1 =$$

6 
$$(0.96)^{1/2} - 1 =$$

7 
$$(0.9798) - 1 =$$

8 
$$-0.0202 = \underline{-2.02\%}$$

9  
10 The geometric mean calculation illustrated above provides a truer picture  
11 of what happened to your original \$100 over the two-year investment  
12 period.

13 As can be seen in the preceding example, in a situation where return  
14 variability exists, a geometric mean will always be lower than an arithmetic  
15 mean, which probably explains why utility consultants typically put up a  
16 strenuous argument against the use of a geometric mean.

17  
18 Q. Can you cite any other evidence that supports your use of both a  
19 geometric and an arithmetic mean?

20 A. Yes. In the third edition of their book, Valuation: Measuring and Managing  
21 the Value of Companies, authors Tom Copeland, Tim Koller and Jack  
22 Murrin ("CKM") make the point that, while the arithmetic mean has been  
23 regarded as being more forward-looking in determining market risk



1 premiums, a true market risk premium may lie somewhere between the  
2 arithmetic and geometric averages published in Morningstar's SBBI  
3 yearbook.

4  
5 Q. Please explain.

6 A. In order to believe that the results produced by the arithmetic mean are  
7 appropriate, you have to believe that each return possibility included in the  
8 calculation is an independent draw. However, research conducted by  
9 CKM demonstrates that year-to-year returns are not independent and are  
10 actually auto correlated (i.e. a relationship that exists between two or more  
11 returns, such that when one return changes, the other, or others, also  
12 change), meaning that the arithmetic mean has less credence. CKM also  
13 explains two other factors that would make the Morningstar arithmetic  
14 mean too high. The first factor deals with the holding period. The  
15 arithmetic mean depends on the length of the holding period and there is  
16 no "law" that says that holding periods of one year are the "correct"  
17 measure. When longer periods (e.g. 2 years, 3 years etc.) are observed,  
18 the arithmetic mean drops about 100 basis points. The second factor  
19 deals with a situation known as survivor bias. According to CKM, this is a  
20 well-documented problem with the Morningstar historical return series in  
21 that it only measures the returns of successful firms. That is, those firms  
22 that are listed on stock exchanges. The Morningstar historical return  
23 series does not measure the failures, of which there are many. Therefore,



1 the return expectations in the future are likely to be lower than the  
2 Morningstar historical averages. After conducting their analysis, CKM  
3 conclude that 4.0 percent to 5.5 percent is a reasonable forward-looking  
4 market risk premium. Adding my 2.51 percent risk free yield on a 5-year  
5 Treasury instrument to these two estimates indicate a cost of equity of  
6 6.41 percent to 8.51 percent which my recommended cost of equity of  
7 8.22 percent falls within. Given the fact that utilities generally exhibit less  
8 risk than industrials, a return in the low end of this range could be  
9 considered reasonable.

10  
11 Q. Can you name any other sources that support CKM's conclusion that 4.0  
12 percent to 5.5 percent is a reasonable market risk premium on a forward-  
13 looking basis?

14 A. Yes. During the 39<sup>th</sup> annual Financial Forum of the Society of Utility and  
15 Regulatory Financial Analysts, which was held at Georgetown University  
16 in Washington D.C. on April 19 and 20, 2007, I had the opportunity to hear  
17 the views of Aswarth Damodaran, Ph. D. and Felicia C. Marston, Ph. D.,  
18 professors of finance from New York University and the University of  
19 Virginia respectively, who have conducted empirical research on this  
20 subject. Dr. Damodaran and Dr. Marston supported CKM's 4.0 to 5.5  
21 percent estimates during a panel discussion that provided both professors  
22 with the opportunity to explain their research on the equity risk premium  
23 and to answer questions from other financial analysts in attendance. Each



1 of the panelists<sup>4</sup> stated that they believed that a reasonable market risk  
2 premium fell between 4.0 percent and 5.0 percent when asked to provide  
3 estimates based on their research.  
4

5 Q. If market risk premiums of 4.0 percent to 5.0 percent were used in your  
6 CAPM model what would the results be?

7 A. Using market risk premiums ( $r_m - r_f$ ) of 4.0 percent to 5.0 percent in my  
8 CAPM model, using a proxy of water companies, produces the following  
9 expected returns (k):  
10

11 Water Company Sample using 4.0 percent

12 
$$k = r_f + [ \beta (r_m - r_f) ]$$

13 
$$k = 2.51\% + [ 0.75 (4.0\%) ]$$

14 
$$k = 5.51\%$$
  
15

16 Water Company Sample using 5.0 percent

17 
$$k = r_f + [ \beta (r_m - r_f) ]$$

18 
$$k = 2.51\% + [ 0.75 (5.0\%) ]$$

19 
$$k = 6.26\%$$
  
20

---

<sup>4</sup> Other analysts taking part in the panel discussion included Stephen G. Hill, CRRA, Principal, Hill Associates and moderator Farris M. Maddox, Principal Financial Analyst, Virginia State Corporation Commission.



1 As can be seen above, my CAPM model, using a water company sample  
2 average beta ( $\beta$ ) of 0.75 and the yield on a 5-year Treasury instrument of  
3 2.51 percent for the risk free rate of return ( $r_f$ ), produces an expected  
4 return ( $k$ ) of 5.51 percent to 6.26 percent. My LDC sample, using an  
5 average beta of 0.67, produces expected returns of 5.19 percent to 5.86  
6 percent. All of which makes my recommended 8.22 percent cost of  
7 common equity appear to be more than generous.

8  
9 Q. Please respond to Mr. Bourasssa's argument that your overall CAPM  
10 results are below the current yields on Baa/BBB debt instruments.

11 A. I am not recommending that the Commission adopt my CAPM results. I  
12 am recommending a cost of common equity of 8.22 percent which is 202  
13 to 269 basis points over the most recent yields of 6.20 percent to 5.53  
14 percent for Baa/BBB-rated and A-rated utility bonds respectively.

15  
16 Q. Do you agree with Mr. Bourassa's use of the Hamada Adjustment in  
17 response to your hypothetical capital structure?

18 A. No, I do not. There is no need for the use of the Hamada adjustment  
19 because my recommended hypothetical capital structure provides the  
20 Company with an appropriate rate of return.



1 Q. Has the Commission ever adopted a weighted cost of capital that was  
2 derived from a similar hypothetical capital structure that you  
3 recommended?

4 A. Yes. In the Gold Canyon Sewer Company<sup>5</sup> rehearing proceeding, the  
5 Commission adopted my recommended weighted average cost of capital  
6 of 8.54 percent (which was derived from market data prior to the current  
7 economic downturn). In that case the Commission rejected the use of the  
8 Hamada methodology in favor of RUCO's recommended hypothetical  
9 capital structure of 40.0 percent debt and 60.0 percent equity. This is the  
10 same capital structure that I am recommending in this case.

11  
12 Q. Please respond to Mr. Bourassa's statement that it is doubtful that BMSC  
13 could obtain debt at your recommended 6.21 percent hypothetical cost of  
14 debt.

15 A. As I stated in my direct testimony, Arizona Water Company, a closely-  
16 held, non-publicly traded utility and the second largest water provider in  
17 the state, privately placed \$35 million in bonds at a stated rate of 6.67  
18 percent on the first day of September 2008 during a period when the yield  
19 on Baa/BBB-rated utility bonds averaged 6.63 percent. Based on this fact,  
20 I see no reason why BMSC's parent, the Algonquin Power Income Fund, a  
21 large publicly traded firm that has direct access to the capital markets  
22 could not obtain debt financing at favorable rates for BMSC.

---

<sup>5</sup> Decision No. 70662, dated December 23, 2008 (Docket No. SW-02519A-06-0015)



1 Q. Does your silence on any of the issues or positions addressed in the  
2 rebuttal testimony of the Mr. Bourassa or any of the Company's other  
3 witnesses constitute acceptance?

4 A. No, it does not.

5

6 Q. Does this conclude your surrebuttal testimony on BMSC?

7 A. Yes, it does.





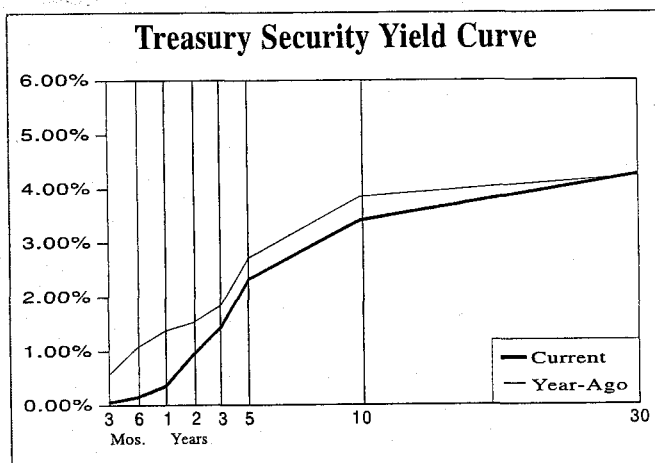


# **ATTACHMENT A**



## Selected Yields

	Recent (10/21/09)	3 Months Ago (7/29/09)	Year Ago (10/29/08)		Recent (10/21/09)	3 Months Ago (7/29/09)	Year Ago (10/29/08)
<b>TAXABLE</b>							
<b>Market Rates</b>							
Discount Rate	0.50	0.50	1.25				
Federal Funds	0.00-0.25	0.00-0.25	1.00				
Prime Rate	3.25	3.25	4.00				
30-day CP (A1/P1)	0.17	0.27	3.73				
3-month LIBOR	0.28	0.49	3.42				
<b>Bank CDs</b>							
6-month	0.38	0.56	1.85				
1-year	0.62	0.83	2.26				
5-year	2.22	1.90	3.42				
<b>U.S. Treasury Securities</b>							
3-month	0.06	0.18	0.58				
6-month	0.15	0.25	1.07				
1-year	0.36	0.48	1.38				
5-year	2.33	2.63	2.72				
10-year	3.42	3.66	3.86				
10-year (inflation-protected)	1.44	1.84	3.50				
30-year	4.26	4.51	4.23				
30-year Zero	4.39	4.61	4.04				
<b>Mortgage-Backed Securities</b>							
GNMA 6.5%	3.69	3.70	6.27				
FHLMC 6.5% (Gold)	2.26	2.82	6.20				
FNMA 6.5%	2.44	2.64	6.11				
FNMA ARM	2.56	2.98	3.84				
<b>Corporate Bonds</b>							
Financial (10-year) A	5.45	6.95	8.95				
Industrial (25/30-year) A	5.44	6.02	7.57				
Utility (25/30-year) A	5.53	5.79	7.27				
Utility (25/30-year) Baa/BBB	6.20	7.14	7.29				
<b>Foreign Bonds (10-Year)</b>							
Canada	3.46	3.53	3.74				
Germany	3.26	3.42	3.79				
Japan	1.43	1.38	1.50				
United Kingdom	3.61	3.97	4.40				
<b>Preferred Stocks</b>							
Utility A	5.58	5.71	6.86				
Financial A	7.12	6.30	7.54				
Financial Adjustable A	5.50	5.50	5.50				



### TAX-EXEMPT

<b>Bond Buyer Indexes</b>			
20-Bond Index (GOs)	4.31	4.69	5.32
25-Bond Index (Revs)	4.87	5.67	6.06
<b>General Obligation Bonds (GOs)</b>			
1-year Aaa	0.45	0.42	1.68
1-year A	1.45	1.12	1.78
5-year Aaa	2.07	1.77	3.48
5-year A	3.18	3.17	3.53
10-year Aaa	3.35	3.03	4.35
10-year A	4.33	4.55	4.55
25/30-year Aaa	4.50	4.72	5.32
25/30-year A	5.55	6.23	5.70
<b>Revenue Bonds (Revs) (25/30-Year)</b>			
Education AA	4.69	6.10	5.55
Electric AA	4.77	6.15	5.05
Housing AA	5.85	6.55	6.00
Hospital AA	5.15	6.50	6.05
Toll Road Aaa	4.80	6.10	5.10

## Federal Reserve Data

### BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	10/21/09	10/7/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	986805	918428	68377	830708	813841	737980
Borrowed Reserves	265229	288565	-23336	313827	398049	509303
Net Free/Borrowed Reserves	721576	629863	91713	516882	415792	228678

### MONEY SUPPLY

(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	10/12/09	10/5/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1668.0	1667.2	0.8	2.9%	11.9%	13.7%
M2 (M1+savings+small time deposits)	8331.6	8340.7	-9.1	-0.5%	1.9%	5.2%







## **ATTACHMENT B**



**Jon Markman**

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## SuperModels

### Invest in the coming global water shortage

Fresh water's getting scarce, and it has no substitutes. For investors in companies that can supply our increasingly thirsty planet, that spells opportunity.

By [Jon D. Markman](#)

Ten years ago next Monday, a massive earthquake rolled under the Japanese city of Kobe at dawn, toppling 140,000 buildings, causing 300 major fires, killing more than 5,000 people and leaving 300,000 homeless.

To help cover the story for the L.A. Times, I left my wife to care for our 10-day-old daughter and 2-year-old son and flew into the city with a small team of Los Angeles-based trauma doctors and nurses. We found a surreal, smoking ruin of a city with roads twisted like coils of rope, high-rises tilted at Dr. Seuss angles and thousands of middle-class families jammed into dingy, ice-cold rooms in the few public buildings left standing.

Just as in the tsunami zone of South Asia this month, the immediate health danger, besides a possible outbreak of disease, was a lack of fresh water. More than 75% of the city's water supply was destroyed when underground pipes fractured. As much as they desired pallets of drugs, food, blankets and tents sent from throughout Japan and abroad, the Kobe survivors coveted -- and needed -- clean, bottled water for cooking, drinking and bathing.

Both incidents are a stark reminder that water is our most precious resource. Because it is seemingly ubiquitous in the United States, it is taken for granted.

Massive snowstorms in California this month have loaded up the snowpack that provides water there, and rains in the Southeast are filling reservoirs in that part of the country.

The rest of the world, however, is not so fortunate.

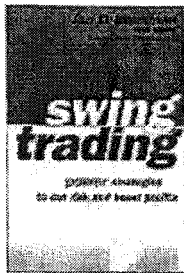
### Not making any more water

There is no more fresh water on Earth today than there was a million years ago. Yet today, 6 billion people share it. Since 1950, the world population has doubled, but water use has tripled, notes John Dickerson, an analyst and fund manager based in San Diego. Unlike petroleum, he adds, no technological innovation can ever replace water.

China, which is undergoing a vast rural-to-urban population migration, is emblematic of the places where water has become scarce. It has about as much

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water as Canada but 100 times more people. Per-capita water reserves are only about a fourth the global average, according to experts. Of its 669 cities, 440 regularly suffer moderate to critical water shortages.

Although not widely appreciated, water has been recognized by conservative investors as an investment opportunity -- and it has rewarded them. Over the past 10 years, the Media General water utilities index is up 133%, double the return of the **Dow Jones Utilities Index** (\$UTIL). Over the past five years, water utilities are up 32% -- clobbering the flat returns of both the Dow Jones Utilities and the **Dow Industrials** (\$INDU). One of water's key long-term value drivers as an investment, according to Dickerson: Demand is not affected by inflation, recession, interest rates or changing tastes.

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Virtually all of the U.S. water utility stocks are regulated by states and counties, which makes them pretty dull. Governmental entities typically give utilities a monopoly in a geographic region, then set their profit margin a smidge above costs. Just about the only distinguishing factor among them are the growth rates of their regions and their ability to efficiently manage their underground pipe and pumping infrastructure. Among the best are **Aqua America** (WTR, [news](#), [msgs](#)) of Philadelphia, **Southwest Water** (SWWC, [news](#), [msgs](#)) of Los Angeles; **California Water Service Group** (CWT, [news](#), [msgs](#)), based in San Jose, Calif.; and **American States Water** (AWR, [news](#), [msgs](#)) of San Dimas, Calif.

In a moment, I'll offer a couple of potentially more impactful ways to invest in water, but first let's look a little more broadly at world demand.

### Aquifers in India are being sucked dry

The tsunami has focused attention on water demand in South Asia -- and it's a good thing, as it was already reaching critical status in rural areas. Several decades ago, farmers in the Indian state of Gujarat used oxen to haul water in buckets from a few feet below the surface. Now they pump it from 1,000 feet below the surface. That may sound good, but they have been drawing water from the earth to feed a mushrooming population at such a terrific rate that ancient aquifers have been sucked dry -- turning once-fertile fields slowly into sand.

According to New Scientist magazine, farmers using crude oilfield technology in India have drilled 21 million "tube wells" into the strata beneath the fields, and every year millions more wells throughout the region -- all the way to Vietnam -- are being dug to service water-needy crops like rice and sugar cane. The magazine quoted research from the annual Stockholm Water Symposium that the pumps that transformed Indian farming are drawing 200 cubic kilometers of water to the surface each year, while only a fraction is replaced by monsoon



rains. At this rate, the research suggested, groundwater supplies in some areas will be exhausted in five to 10 years, and millions of Indians will see their farmland turned to desert.

In China, the magazine reported, 30 cubic kilometers more water is being pumped to the surface each year than is replaced by rain -- one of the reasons that the country has become dependent on grain imports from the West. This is not just an issue for agriculture. Earlier this year, the Indian state of Kerala ordered the **PepsiCo** (PEP, news, msgs) and **Coca-Cola** (KO, news, msgs) bottling plants closed due to water shortages, costing the companies millions of dollars.

In this country, shareholder activists already are lobbying companies to share water-dependency concerns worldwide with their stakeholders in their financial statements.

### **Water, water everywhere, but . . .**

The central problem is that less than 2% of the world's ample store of water is fresh. And that amount is bombarded by industrial pollution, disease and cyclical shifts in rain patterns. Its increasing scarcity has impelled private companies and countries to attempt to lock up rights to key sources. In an article last month, the Christian Science Monitor suggested that the next decade may see a cartel of water-exporting countries rivaling the Organization of Petroleum Exporting Countries for dominance in the world economy.

"Water is blue gold; it's terribly precious," Maude Barlow, chair of the Council of Canadians, told the Monitor. "Not too far in the future, we're going to see a move to surround and commodify the world's fresh water. Just as they've divvied up the world's oil, in the coming century, there's going to be a grab."

Besides the domestic water utilities listed above -- and similarly plodding foreign utilities such as **United Utilities** (UU, news, msgs) of the United Kingdom, which sports a 6.9% dividend yield, and **Suez** (SZE, news, msgs) of France -- investors interested in the sector can consider a number of variant plays. None are extremely exciting, but my guess is that, over the next few years, some more interesting purification technologies will emerge, along with, perhaps, a vibrant attempt at worldwide industry consolidation.

One current idea is Tennessee-based copper pipe and valve maker **Mueller Industries** (MLI, news, msgs), a \$1 billion business with a trailing price/earnings multiple of 15 that is still not expensive despite a 47% run-up in the past year. Its leading outside investor is **Berkshire Hathaway** (BRK.A, news, msgs), the



investment vehicle of legendary investor Warren Buffett.

Another is flow-control products maker **Watts Water**

**Technologies** (WTS, [news](#), [msgs](#)), which is a little richer at a \$975 million market cap and a trailing P/E multiple of 19, but is still owned by several leading value managers, including Mario Gabelli.

And possibly the most interesting is **Consolidated Water** (CWCW, [news](#), [msgs](#)), a \$160 million company based in the Cayman Islands that specializes in developing and operating ocean-water desalinization plants and water-distribution systems in areas where natural supplies of drinking water are scarce, such as the Caribbean and South America. It currently supplies water to Belize, Barbados, the British Virgin Islands and the Bahamas, and it has expansion plans. It is the most expensive, but it may also have the greatest growth prospects. Of all of these, it is up the most over the past five years, a relatively steady 355%.

Of course, there is one other benefit to water investing: When these companies say they're going to do a dilutive deal, it's not something to worry about.

#### Fine Print

Dickerson runs a hedge fund in San Diego strictly focused on water investing, the Summit Water Equity Fund. . . To learn more about Southwest Water, [click here](#). . . . To learn more about California Water Service Group, which runs systems in New Mexico, Hawaii and Washington State, as well as California, [click here](#). . . . To learn more about American States Water, [click here](#). . . To learn more about Mueller, [click here](#), and, for Consolidated Water, [click here](#). . . . Seems like talk is cheap. Since mid-December, the value of the company radio personality Howard Stern is leaving, **Viacom** (VIA.B, [news](#), [msgs](#)), has risen 9% while the value of the company he's headed to, **Sirius Satellite Radio** (SIRI, [news](#), [msgs](#)), is down 13.5%. . . . For background on the Kobe earthquake, approaching its 10th anniversary, [click here](#) and [here](#).

*Jon D. Markman is publisher of [StockTactics Advisor](#), an independent weekly investment newsletter, as well as senior strategist and portfolio manager at Pinnacle Investment Advisors. While he cannot provide personalized investment advice or recommendations, he welcomes column critiques and comments at [jon.markman@gmail.com](mailto:jon.markman@gmail.com); put COMMENT in the subject line. At the time of publication he held positions in the following stocks mentioned in this column: Coca-Cola.*



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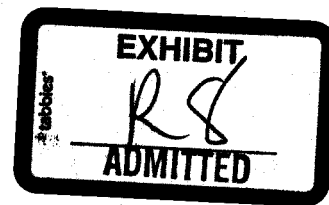
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## Estimating the Cost of Capital

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To value a company using enterprise DCF, we discount free cash flow by the weighted average cost of capital (WACC). The weighted average cost of capital represents the opportunity cost that investors face for investing their funds in one particular business instead of others with similar risk.

The most important principle underlying successful implementation of the cost of capital is consistency between the components of WACC and free cash flow. Since free cash flow is the cash flow available to all financial investors (debt, equity, and hybrid securities), the company's WACC must include the required return for each investor. In addition, the duration and risk of the financial securities used to estimate the WACC must match that of the free cash flow being discounted. To assure consistency, the cost of capital must meet several criteria:

- It must include the opportunity costs from *all* sources of capital—debt, equity, and so on—since free cash flow is available to all investors, who expect compensation for the risks they take.
- It must weight each security's required return by its target market-based weight, not by its historical book value.
- It must be computed after corporate taxes (since free cash flow is calculated in after-tax terms). Any financing-related tax shields not included in free cash flow must be incorporated into the cost of capital or valued separately (as done in the adjusted present value).
- It must be denominated in the same currency as free cash flow.
- It must be denominated in nominal terms when cash flows are stated in nominal terms.

For most companies, discounting free cash flow at the WACC is a simple, accurate, and robust method of corporate valuation. If, however, the



since no single model for estimating the market risk premium has gained universal acceptance, we present the results of various models.

Methods to estimate the market risk premium fall in three general categories:

1. Estimating the future risk premium by measuring and extrapolating historical excess returns.
2. Using regression analysis to link current market variables, such as the aggregate dividend-to-price ratio, to project the expected market risk premium.
3. Using DCF valuation, along with estimates of return on investment and growth, to reverse engineer the market's cost of capital.

None of today's models precisely estimate the market risk premium. Still, based on evidence from each of these models, we believe the market risk premium as of year-end 2003 was just under 5 percent.

**Historical market risk premium** Investors, being risk-averse, demand a premium for holding stocks rather than bonds. If the level of risk aversion hasn't changed over the last 75 years, then historical excess returns are a reasonable proxy for future premiums (assuming measurement issues, such as survivorship bias, aren't overly problematic). To best measure the risk premium using historical data, follow these guidelines:

- Calculate the premium relative to long-term government bonds.
- Use the longest period possible.
- Use an arithmetic average of longer-dated intervals (such as five years).
- Adjust the result for econometric issues, such as survivorship bias.

*Use long-term government bonds* When calculating the market risk premium, compare historical market returns with the return on 10-year government bonds. As discussed in the previous section, long-term government bonds better match the duration of a company's cash flows than do short-term bonds.

*Use the longest period possible* When using historical observations to predict future results, the issue is what length of history to examine. If the market risk premium is stable, a longer history will reduce estimation error. Alternatively, if the premium changes and estimation error is small, a shorter period is better. To determine the appropriate historical period, we consider any trends in the market risk premium compared with the noise associated with short-term estimates.



To test for the presence of a long-term trend, we regress the U.S. market risk premium versus time. Over the last 100 years, no statistically significant trend is observable.<sup>7</sup> Based on regression results, the average excess return has fallen by 3.3 basis points a year, but this result is well below its standard error (leading to a low *t*-statistic). In addition, premiums calculated over sub-periods, even as long as 10 years, are extremely noisy. For instance, U.S. stocks outperformed bonds by 18 percent in the 1950s but offered no premium in the 1970s. Given the lack of any discernible trend and the significant volatility of shorter periods, you should use the longest time series possible.

*Use arithmetic average of longer-dated intervals* When reporting market risk premiums, most data providers report an annual number, such as 6.2 percent per year. But how do they convert a century of data into an annual number? And is an annualized number even important?

Annual returns can be calculated using either an arithmetic average or a geometric average. An arithmetic (simple) average sums each year's observed premium and divides by the number of observations:

$$\text{Arithmetic Average} = \frac{1}{T} \sum_{t=1}^T \frac{1 + R_m(t)}{1 + r_f(t)} - 1$$

A geometric average compounds each year's excess return and takes the root of the resulting product:

$$\text{Geometric Average} = \left( \prod_{t=1}^T \frac{1 + R_m(t)}{1 + r_f(t)} \right)^{1/T} - 1$$

The choice of averaging methodology will affect the results. For instance, between 1903 and 2002, U.S. stocks outperformed long-term government bonds by 6.2 percent per year when averaged arithmetically. Using a geometric average, the number drops to 4.4 percent. This difference is not random; arithmetic averages always exceed geometric averages when returns are volatile.

So which averaging method on historical data best estimates the *expected* future rate of return? To estimate the mean (expectation) for any random variable, well-accepted statistical principles dictate that the arithmetic average is the best unbiased estimator. Therefore, to determine a security's

<sup>7</sup> Some authors, such as Lewellen, argue that the market risk premium does change over time—and can be measured using financial ratios, such as the dividend yield. We address these models separately. J. Lewellen, "Predicting Returns with Financial Ratios," *Journal of Financial Economics*, 74(2) (2004): 209–235.



expected return for one period, the best unbiased predictor is the arithmetic average of many one-period returns. A one-period risk premium, however, can't value a company with many years of cash flow. Instead, long-dated cash flows must be discounted using a compounded rate of return. But when compounded, the arithmetic average will be *biased* upward (too high).

This bias is caused by estimation error and autocorrelation in returns. Let's examine the effect of estimation error first. To estimate the mean of a distribution, statistical theory instructs you to average the observations. In a finite sample, the sample average ( $R_A$ ) will equal the true mean ( $\mu$ ) plus an error term ( $\varepsilon$ ):

$$R_A = \mu + \varepsilon$$

Sometimes the error term is positive, so the sample average overestimates the true mean, and at other times, the error term is negative. But the average error term equals 0, so the sample average is an unbiased estimator of the true mean.

To value a cash flow *beyond* one period, we must determine the discount factor by raising  $R_A$  to a given power. For instance, to estimate a two-period discount rate, we calculate  $R_A$  squared. Squaring  $R_A$  leads to the following equation:

$$R_A^2 = (\mu + \varepsilon)^2 = \mu^2 + \varepsilon^2 + 2\mu\varepsilon$$

Since the true mean,  $\mu$ , is a constant and the expectation of  $\varepsilon$  is 0, the expectation of  $2\mu\varepsilon$  equals 0. The expectation of  $\varepsilon^2$ , however, is not 0, but a positive number (the square of any nonzero number is greater than zero). Therefore,  $R_A^2$  will be greater than  $\mu^2$  (the true mean squared), and a compounded sample average will be too high.

The compounded arithmetic average will also be biased upward when returns are negatively autocorrelated (meaning low returns follow high returns and high returns follow low returns). Although there is disagreement in the academic community, the general consensus is that the aggregate stock market exhibits negative autocorrelation.<sup>8</sup> In this case, the arithmetic mean is biased upward.

<sup>8</sup> Empirical evidence presented by James Poterba, Lawrence Summers, and others indicates that a significant long-term negative autocorrelation exists in stock returns. See J. Poterba and L. Summers, "Mean Reversion in Stock Prices," *Journal of Financial Economics* (October 1988): 27-60. However, subsequent studies by Matthew Richardson and others challenge the statistical significance of earlier studies. See M. Richardson, "Temporary Components of Stock Prices: A Skeptic's View," *Journal of Business and Economic Statistics*, 11 (1993): 199-207.



**Exhibit 10.4 Expected Value When Returns Exhibit Negative Autocorrelation**

Scenario	Potential return	Unconditional probability		Future value	Expected value when returns are independent		Expected value when returns are negatively autocorrelated	
	20% (10%)	50%	50%		25%	36.0	15%	21.6
1	100	1.2	1.2	144	25%	36.0	15%	21.6
2	100	1.2	0.9	108	25%	27.0	35%	37.8
3	100	0.9	1.2	108	25%	27.0	35%	37.8
4	100	0.9	0.9	81	25%	20.3	15%	12.2
					100%	110.3	100%	109.4

To better understand the effect of negative autocorrelation, consider a portfolio that can either grow by 20 percent or fall by 10 percent in a given period (see Exhibit 10.4). Since both returns are equally likely, the one period average return equals 5 percent. In addition, if returns are independently and identically distributed, after two periods there is:

1. A 25 percent probability that an initial investment of \$100 will grow to \$144
2. A 50 percent probability (two equally probable scenarios) that \$100 will grow to \$108
3. A 25 percent probability that \$100 will shrink to \$81

The expected value in two periods equals \$110.3, the same as if \$100 had grown consistently at the *arithmetic* average of 5 percent for two periods. But if the four scenarios are not equally likely, the expected value in two periods will not equal \$110.3. For instance, if there is a 70 percent probability that low returns will be followed by high returns (or vice versa), the expected value in two periods is only \$109.4. In this case, compounding the arithmetic mean will lead to an upward bias in expected return.

To correct for the bias caused by estimation error and negative autocorrelation in returns, we have two choices. First, we can calculate multiperiod holding returns directly from the data, rather than compound single-period averages. Using this method, a cash flow received in five years will be discounted by the average five-year market risk premium, not by the annual



**Exhibit 10.5 Cumulative Returns for Various Intervals, 1903–2002**

percent

Arithmetic mean of	Number of observations	Cumulative returns			Annualized returns	
		U.S. stocks	U.S. government bonds	U.S. excess return	U.S. excess returns	Blume estimator
1-year holding periods	100	11.3	5.3	6.2	6.2	6.2
2-year holding periods	50	24.1	10.9	12.6	6.1	6.1
4-year holding periods	25	49.9	21.1	23.0	5.9	6.0
5-year holding periods	20	68.2	29.5	32.3	5.8	5.9
10-year holding periods	10	165.6	72.1	70.1	5.5	5.6

Source: Ibbotson Associates, McGraw-Hill analysis.

market risk premium compounded five times.<sup>9</sup> In Exhibit 10.5, we present arithmetic averages for holding periods of 1, 2, 4, 5, and 10 years. To avoid placing too little weight on either early or recent observations, we use nonoverlapping returns. The downside of this method is that 5- and 10-year holding periods have very few observations. As shown in the exhibit, the annualized excess return trends downward from 6.2 percent to 5.5 percent as the length of the holding period increases.

Alternatively, researchers have used simulation to show that an estimator proposed by Marshall Blume best adjusts for problems caused by estimation error and autocorrelation of returns:<sup>10</sup>

$$R = \frac{T-N}{T-1} R_A + \frac{N-1}{T-1} R_G$$

where  $T$  = Number of historical observations

$N$  = Forecast period

$R_A$  = Arithmetic average

$R_G$  = Geometric average

In the last column of Exhibit 10.5, we report Blume's estimate for the market risk premium. Blume's method generates the same downward-trending estimate of the market risk premium (albeit more smoothly than the raw holding period averages). Based on both estimation techniques, it appears 5.5 percent is a reasonable approximation for *historical* excess returns.

<sup>9</sup>Jay Ritter writes, "There is no theoretical reason why one year is the appropriate holding period. People are used to thinking of interest rates as a rate per year, so reporting annualized numbers makes it easy for people to focus on the numbers. But I can think of no reason other than convenience for the use of annual returns." J. Ritter, "The Biggest Mistakes We Teach," *Journal of Financial Research*, 25 (2002): 159–168.

<sup>10</sup>D. C. Indro and W. Y. Lee, "Biases in Arithmetic and Geometric Averages Premia," *Financial Management*, 26(4) (Winter 1997); M. E. Blume, "Unbiased Estimators of Long Run Expected Rates of Return," *Journal of the American Statistical Association*, 69(347) (September 1974).



**Survivorship bias** Other statistical difficulties exist with historical risk premiums. According to one argument,<sup>11</sup> even properly measured historical premiums can't predict future returns, because the observable sample will include only countries with strong historical returns. Statisticians refer to this phenomenon as survivorship bias. The U.S. market outperformed all others during the twentieth century, averaging 4.3 percent in real terms (deflating by the wholesale price index) versus a median of 0.8 percent for other countries.<sup>12</sup> A concurring study<sup>13</sup> notes that the -100 percent returns from China, Russia, and Poland are too often ignored in discussions of stock market performance.

Since it is unlikely that the U.S. stock market will replicate its performance over the next century, we adjust downward the historical arithmetic average market risk premium. Using data from Philippe Jorion and William Goetzmann, we find that between 1926 and 1996, the U.S. arithmetic annual return exceeded the median return on a set of 11 countries with continuous histories dating to the 1920s by 1.9 percent in real terms, or 1.4 percent in nominal terms. If we subtract a 1 percent to 2 percent survivorship bias from the long-term arithmetic average of 5.5 percent, the difference implies the future range of the U.S. market risk premium should be 3.5 to 4.5 percent.

**Market risk premium regressions** Although we find no long-term trend in the historical risk premium, many argue that the market risk premium is predictable using observable variables, such as the aggregate dividend-to-price ratio, the aggregate book-to-market ratio, or the aggregate ratio of earnings to price.

The use of current financial ratios to estimate the expected return on stocks is well documented and dates back to Charles Dow in the 1920s. The concept has been tested by many authors.<sup>14</sup> To predict the market risk premium using financial ratios, excess market returns are regressed against a financial ratio, such as the market's aggregate dividend-to-price ratio:

$$R_m - r_f = \alpha + \beta \ln \left( \frac{\text{Dividend}}{\text{Price}} \right) + \varepsilon$$

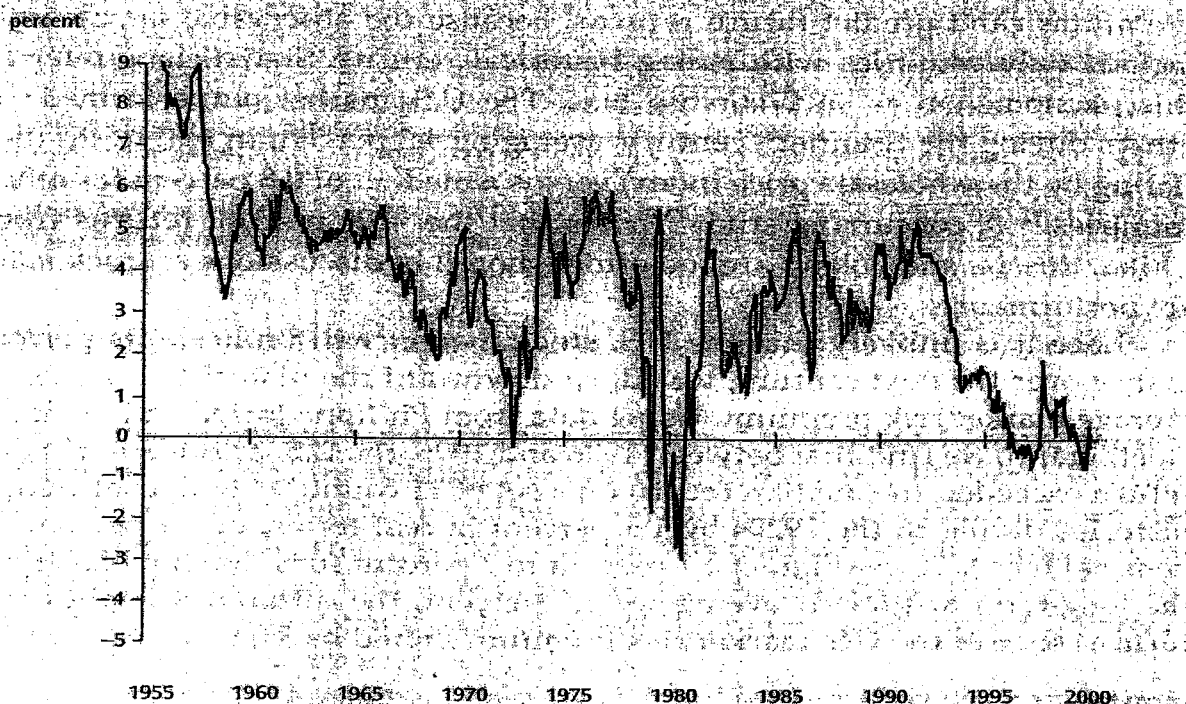
<sup>11</sup>S. Brown, W. Goetzmann, and S. Ross, "Survivorship Bias," *Journal of Finance* (July 1995): 853-873.

<sup>12</sup>P. Jorion and W. Goetzmann, "Global Stock Markets in the Twentieth Century," *Journal of Finance*, 54(3) (June 1999): 953-974.

<sup>13</sup>Elroy Dimson, Paul Marsh, and Michael Staunton, *Triumph of the Optimists* (Princeton: Princeton University Press, 2002).

<sup>14</sup>E. Fama and K. French, "Dividend Yields and Expected Stock Returns," *Journal of Financial Economics*, 22(1) (1988): 3-25; R. F. Stambaugh, "Predictive Regressions," *Journal of Financial Economics*, 54(3) (1999): 375-421; and J. Lewellen, "Predicting Returns with Financial Ratios," *Journal of Financial Economics*, 74(2) (2004): 209-235.



**Exhibit 10.6 Expected Market Risk Premium Based on Dividend Yield**

Source: Lewellen (2004), Goyal and Welch (2003), McKinsey analysis.

Using advanced regression techniques unavailable to earlier authors, Jonathan Lewellen found that dividend yields *do* predict future market returns. But as shown in Exhibit 10.6, the model has a major drawback: the risk premium prediction can be negative (as it was in the late 1990s). Other authors question the explanatory power of financial ratios, arguing that a financial analyst relying solely on data available at the time would have done better using unconditional historical averages (as we did in the last section) in place of more sophisticated regression techniques.<sup>15</sup>

**Forward-looking models** A stock's price equals the present value of its dividends. Assuming dividends are expected to grow at a constant rate, we can rearrange the growing perpetuity to solve for the market's expected return:

$$P = \frac{\text{DIV}}{k_e - g} \text{ converts to } k_e = \frac{\text{DIV}}{P} + g$$

In the previous section, we reviewed regression models that compare market returns ( $k_e$ ) to the dividend-price ratio ( $\text{DIV}/P$ ). Using a simple re-

<sup>15</sup> A. Goyal and I. Welch, "Predicting the Equity Premium with Dividend Ratios," *Management Science*, 4, 9(5) (2003): 639–654.



gression, however, ignores valuable information and oversimplifies a few market realities. First, the dividend-price yield itself depends on the expected growth in dividends ( $g$ ), which simple regressions ignore (the regression's intercept is determined by the data). Second, dividends are only one form of corporate payout. Companies can use free cash flow to repurchase shares or hold excess cash for significant periods of time; consider Microsoft, which accumulated more than \$50 billion in liquid securities before paying its first dividend.

Using the principles of discounted cash flow, along with estimates of growth, various authors have attempted to reverse engineer the market risk premium. Two studies used analyst forecasts to estimate growth,<sup>16</sup> but many argue that analyst forecasts focus on the short term and are severely upward biased. Fama and French use long-term dividend growth rates as a proxy for future growth, but they focus on dividend yields, not on available cash flow.<sup>17</sup> Alternatively, our own research has focused on *all* cash flow available to equity holders, as measured by a modified version of the key value driver formula (detailed in Chapter 3):<sup>18</sup>

$$k_e = \frac{\text{Earnings} \left( 1 - \frac{g}{\text{ROE}} \right)}{P} + g \quad \text{such that} \quad \text{CF}_e = \text{Earnings} \left( 1 - \frac{g}{\text{ROE}} \right)$$

Based on this formula, we used the long-run return on equity (13 percent) and the long-run growth in real GDP (3.5 percent) to convert a given year's S&P 500 median earnings-to-price ratio into the cost of equity.<sup>19</sup>

Exhibit 10.7 on page 306 plots the nominal and real expected market returns between 1962 and 2002. The results are striking. After stripping out inflation, the expected market return (*not* excess return) is remarkably constant, averaging 7.0 percent. For the United Kingdom, the real market return is slightly more volatile, averaging 6.0 percent. Based on these results, we estimate the current market risk premium by subtracting the current real long-term risk-free rate from the real equity return of 7.0 percent (for U.S. markets). At year-end 2003, the yield on a U.S. Treasury inflation-protected security (TIPS) equaled 2.1 percent. Subtracting 2.1

<sup>16</sup>J. Claus and J. Thomas, "Equity Premia as Low as Three Percent? Evidence from Analysts' Earnings Forecasts for Domestic and International Stocks," *Journal of Finance*, 56(5) (October 2001): 1629–1666; and W. R. Gebhardt, C. M. C. Lee, and B. Swaminathan, "Toward an Implied Cost of Capital," *Journal of Accounting Research*, 39(1) (2001): 135–176.

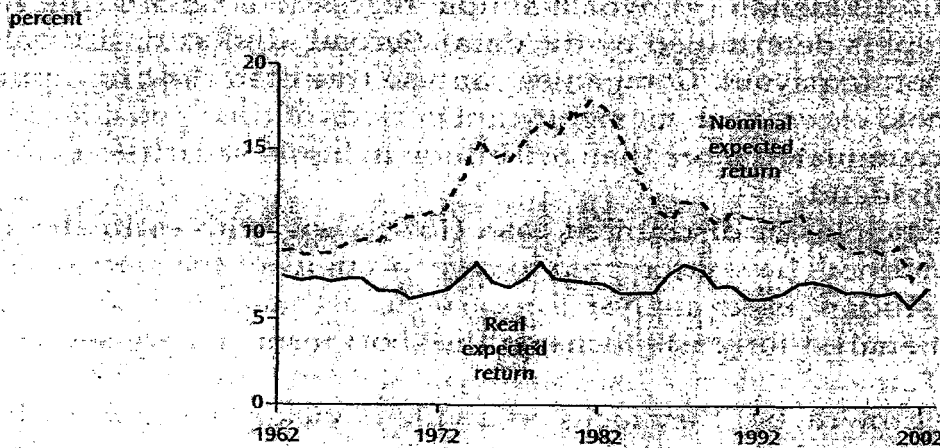
<sup>17</sup>Eugene F. Fama and Kenneth R. French, "The Equity Premium," Center for Research in Security Prices Working Paper No. 522 (April 2001).

<sup>18</sup>Marc H. Goedhart, Timothy M. Koller, and Zane D. Williams, "The Real Cost of Equity," *McKinsey on Finance* (Autumn 2002): 11–15.

<sup>19</sup>Using a two-stage model (i.e., short-term ROE and growth rate projections, followed by long-term estimates) did not change the results in a meaningful way.



Exhibit 10.7 Real and Nominal Expected Market Returns



percent from 7.0 percent gives an estimate of the risk premium at just under 5 percent.

Although many in the finance profession disagree about how to measure the market risk premium, we believe 4.5 to 5.5 percent is an appropriate range. Historical estimates found in most textbooks (and locked in the mind of many), which often report numbers near 8 percent, are too high for valuation purposes because they compare the market risk premium versus short-term bonds, use only 75 years of data, and are biased by the historical strength of the U.S. market.

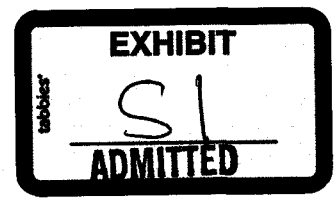
**Estimating beta** According to the CAPM, a stock's expected return is driven by beta, which measures how much the stock and market move together. Since beta cannot be observed directly, we must *estimate* its value. To do this, we first measure a raw beta using regression and then improve the estimate by using industry comparables and smoothing techniques. The most common regression used to estimate a company's raw beta is the market model:

$$R_i = \alpha + \beta R_m + \varepsilon$$

In the market model, the stock's return (not price) is regressed against the market's return.

In Exhibit 10.8, we plot 60 months of Home Depot stock returns versus S&P 500 returns between 1999 and 2003. The solid line represents the "best





BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES  
Chairman  
GARY PIERCE  
Commissioner  
PAUL NEWMAN  
Commissioner  
SANDRA D. KENNEDY  
Commissioner  
BOB STUMP  
Commissioner

IN THE MATTER OF THE APPLICATION OF )  
BLACK MOUNTAIN SEWER COMPANY FOR )  
AN APPROVAL INCREASE IN ITS WATER )  
RATES )

DOCKET NO. SW-02361A-08-0609

DIRECT  
TESTIMONY  
OF  
DOROTHY HAINS, P.E.  
UTILITIES ENGINEER  
ARIZONA CORPORATION COMMISSION  
UTILITIES DIVISION

SEPTEMBER 21, 2009



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ENGINEERING REPORTS .....	3
RECOMMENDATIONS AND CONCLUSIONS .....	3

## EXHIBITS

ENGINEERING REPORT .....	DMH-1
--------------------------	-------



1 **INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Dorothy Hains. My business address is 1200 West Washington Street,  
4 Phoenix, Arizona 85007.

5  
6 **Q. By whom and in what position are you employed?**

7 A. I am employed by the Arizona Corporation Commission ("Commission" or "ACC") as a  
8 Utilities Engineer - Water/Wastewater in the Utilities Division.

9  
10 **Q. How long have you been employed by the Commission?**

11 A. I have been employed by the Commission since January 1998.

12  
13 **Q. What are your responsibilities as a Utilities Engineer - Water/Wastewater?**

14 A. My main responsibilities are to inspect, investigate and evaluate water and wastewater  
15 systems. This includes obtaining data, preparing reconstruction cost new and/or original  
16 cost studies, cost of service studies and investigative reports, interpreting rules and  
17 regulations, and suggesting corrective action and providing technical recommendations on  
18 water and wastewater system deficiencies. I also provide written and oral testimony in  
19 rate cases and other cases before the Commission.

20  
21 **Q. How many companies have you analyzed for the Utilities Division?**

22 A. I have analyzed more than 90 companies covering these various responsibilities for  
23 Utilities Division Staff ("Staff").

24  
25 **Q. Have you previously testified before this Commission?**

26 A. Yes, I have testified on numerous occasions before this Commission.



1 Q. What is your educational background?

2 A. I graduated from the University of Alabama in Birmingham in 1987 with a Bachelor of  
3 Science degree in Civil Engineering.

4  
5 Q. Briefly describe your pertinent work experience.

6 A. Before my employment with the Commission, I was an Environmental Engineer for the  
7 Arizona Department of Environmental Quality ("ADEQ") for ten years. Prior to that time,  
8 I was an Engineering Technician with C. F. Hains, Hydrology in Northport, Alabama for  
9 approximately five years.

10  
11 Q. Please state your professional membership, registrations, and licenses.

12 A. I have been a registered Civil Engineer in Arizona since 1990. I am a member of the  
13 American Society of Civil Engineering ("ASCE"), American Water Works Association  
14 ("AWWA") and Arizona Water Association ("AWA").

15  
16 **PURPOSE OF TESTIMONY**

17 Q. What was your assignment in this rate proceeding?

18 A. My assignment was to provide Staff's engineering evaluation of the subject Black  
19 Mountain Sewer Company ("Black Mountain" or "Company") rate proceeding.

20  
21 Q. What is the purpose of your testimony in this proceeding?

22 A. To present the findings of Staff's engineering evaluation of operations in the Company's  
23 system. The findings are contained in the Engineering Report that I have prepared for this  
24 proceeding. The report is included as Exhibit DMH-1 in this pre-filed testimony.

25



**ENGINEERING REPORTS**

**Q. Would you briefly describe what was involved in preparing your Engineering Reports for this rate proceeding?**

**A.** After reviewing the application, I physically inspected the system to evaluate its operation and to determine if any plant items were not used and useful. I contacted ADEQ to determine if the sewer system was in compliance with the ADEQ wastewater discharge permit requirements. After I obtained information from the Company regarding plant improvements, chemical testing expense and data of water usage, I analyzed that information. Based on the data, I prepared the attached Engineering Reports.

**Q. Please describe the information contained in your Engineering Report.**

**A.** The Report is divided into three general sections: 1) Executive Summary; 2) Engineering Report Discussion, and 3) Engineering Report Exhibit. The Discussions section for Black Mountain Sewer Company can be further divided into ten subsections: A) Introduction and Location of Company; B) Description of the Wastewater System; C) Wastewater Flow; D) Growth; E) ADEQ compliance; F) Arizona Corporation Commission Compliance, G) Depreciation Rates; J) Other Issues. These subsections provide information about the water system serving the Company.

**RECOMMENDATIONS AND CONCLUSIONS**

**Q. What are Staff's recommendations and conclusions regarding the Company's operations?**

**A.** Staff's recommendations and conclusions are as follows:



**Recommendations**

1. It is recommended that Black Mountain use depreciation rates as delineated in Figure 6.
2. Staff recommends denial of the Company proposed offsite Hookup Fee ("OFHF") tariff.
3. Staff recommends approval of the proposed pretreatment tariff in Figure 7.

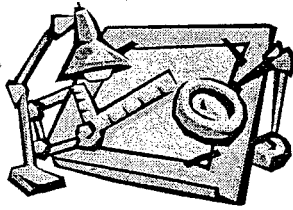
**Conclusions:**

1. The Company is in full compliance with ADEQ for operation and maintenance, operator certification and discharge permit limit.
2. Staff concludes that the Company has adequate capacity.
3. The Company currently is in compliance with the ACC; a check with the Utilities Division Compliance Section showed no delinquent compliance items.

**Q. Does this conclude your Direct Testimony?**

**A. Yes, it does.**





Engineering Report for Black Mountain  
Sewer Corporation  
Docket No. SW-02361A-08-0609  
By Dorothy Hains

September 18, 2009

## EXECUTIVE SUMMARY

### Conclusions

1. The Black Mountain Sewer Corporation ("Black Mountain" or "Company") is in full compliance with the Arizona Department of Environmental Quality ("ADEQ") for operation and maintenance, operator certification and discharge permit limit. (See §E of the report for discussion and details.)
2. Staff concludes that Black Mountain has adequate capacity. (See § C of the report for discussion and details.)
3. The Company currently is in compliance with the Arizona Corporation Commission ("ACC"); a check with the Utilities Division Compliance Section showed no delinquent compliance items. (See § F of the report for discussion and details.)

### Recommendations

1. It is recommended that Black Mountain use depreciation rates as delineated in Figure 6. (See § G and Figure 6 of the report for discussion and details.)
2. Staff recommends denial of the Company proposed offsite Hookup Fee ("OFHF") tariff. (See § H of the report for discussion and details.)
3. Staff recommends approval of the proposed pretreatment tariff in Figure 7. (See § H of the report for discussion and details.)
4. Staff recommends \$14,362 annually in testing costs. (See § H of the report for discussion and details.)



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## A. LOCATION OF COMPANY

Black Mountain ("Black Mountain" or "Company") provides service to an area of land approximately one and three quarter square miles in size. The area served is partially annexed to both the Town of Cave Creek and the Town of Carefree, north of the City of Phoenix in Maricopa County. Figure 1 describes the CC&N area of Black Mountain, and Figure 2 describes the location of the Company within Maricopa County.

## B. DESCRIPTION OF THE WASTEWATER SYSTEM

Black Mountain owns and operates Boulders Carefree ("Boulders") wastewater treatment plant ("WWTP"), and a sewer collection system that delivers raw sewage to both the Boulders WWTP and to a City of Scottsdale ("Scottsdale") WWTP for treatment (further discussion follows). The Black Mountain sewer facilities were visited on February 25, 2009, by Dorothy Hains, Utilities Engineer, accompanied by Company representative, Charlie Hernandez (Business Manager for Algonquin Water Services' East Valley Group) and Dan Schanaman (Operation Manager for Algonquin Water Services).

### *Boulders WWTP and North/West System*

The North/West System consists of eight lift stations and the Boulders WWTP. This system serves approximately 880 customers. Boulders WWTP, a 120,000 gallon per day ("GPD") extended aeration WWTP contains a bar screen, four parallel trains of extended aeration basins, sand filter, disinfection device and effluent lift station. Final treated effluent is disposed on a golf course for irrigation use. When wastewater flow exceeds 120,000 GPD, excess wastewater capacity is diverted through a bypass line and discharges into a collection line to the Scottsdale WWTP.

### *Scottsdale WWTP and South System*

On January 21, 1996, Scottsdale and the Company signed a service agreement ("Scottsdale Agreement") that expires on December 31, 2016. In this agreement Scottsdale agrees to treat and to dispose of the wastewater from Black Mountain Certificate of Convenience and Necessity ("CC&N") area. On April 1, 1996 Scottsdale signed Agreement No. 960058 with the Company. In this Agreement, Scottsdale agreed to accept up to 1,000,000 GPD sewage flow from the Company. According to the Company, over 670,000 GPD were delivered to Scottsdale in February 2005 when the peakday flow occurred. The South System consists of eight lift stations serving approximately 1,250 customers.

Figure 3A and 3B are system schematic drawings of the two Black Mountain systems with detailed plant facility descriptions as follows:



**Table 1 Wastewater Treatment Plant and Scottsdale Connection**

Name or Description	Plant Items	Location
North/West System Boulders WWTP	160,000 GPD extended aeration (designed). Operating at 120,000 GPD (permitted)	Boulders Resort
South System Scottsdale WWTP and interconnection	Metered – could purchase up to 1.0 Million GPD	Scottsdale Road & Dove Valley Road

**Active Lift Stations in North System**

Location	No. Pumps	Pump (in HP)	Capacity (in gallons per minute per pump)	Wet Well Capacity (in gallons)
Quartz Valley LS (@Quartz Valley & Boulder Dr.)	2	3	100	705
Indian Rock LS (@1508 Indian Rock 10950 W Union Hills)	2	5.3	100	470
Sage Brush LS (@2212 Sage Brush)	2	3	50	940
Indian Basket LS (@1256 E Indian Basket)	2	1	11	150
Peaceful Place LS (@36209 Peaceful Place)	2	3	15	1,174
Commercial LS (@Spanish Village Tom Darlington Dr/E Cave Creek Rd)	2	23	200	1,130
Ridgeview LS (@7044 Ridgeview)	2	5	100	1,691
Trade Center LS (@7155 E Cave Creek Rd)	2	10	185	2,584

**Active Lift Stations in South System**

Location	No. Pumps	Pump (in HP)	Capacity (in gallons per minute per pump)	Wet Well Capacity (in gallons)
New River (Canyon Crossings) LS (@35798 N Cave Creek Rd)	2	3	85	1,691
Sentinel Rock LS (@35425 N Cave Creek Rd)	2	15	370	1,500
Carefree Village LS (@34802 N Cave Creek Rd)	2	3	85	1,760
Sunset Trail LS (@35029 Sunset Trail)	2	30	290	2,600
Carefree HWY LS (@6332 Carefree	2	25	350	1,525



HWY)				
Stagecoach Pass LS (@6800 E Stagecoach Pass)	2	5	50	2,202
El Pedregal LS (@34217 N Scottsdale Rd)	2	10	185	2,000

#### Abandoned Lift Stations

Location	No. Pumps	Pump (in HP)	Capacity (in gallons per minute per pump)	Wet Well Capacity (in gallons)	Year (abandoned)
Trade Center LS (@ Cave Creek Rd/Tom Darlington Rd)	2	¾	N/A	200	2005
CIE LS (@7806 Carefree Circle)*	2	15	200	4,200	2006

\* Note: In Decision # 69164, the Commission ordered the Company to solve the odor problem from CIE Lift Station. The Company chose to close this lift station to resolve the odor problem in 2006.

#### Force Mains

Size (in inches)	Material	Length (in feet)
1¼	polyvinyl chloride ("PVC")	443
1½	PVC	5,384
2	PVC	5,155
3	Asbestos Cement Pipe ("ACP"),	915
4	PVC	2,390
4	ACP	9,366
4	Ductile Iron pipe ("DIP")	3,000
6	ACP	2,584
6	PVC	10,353
6	DIP	1,135
8	PVC	10,426

#### Collection Mains

Size (in inches)	Material	Length (in feet)
4	Acrylonitrile Butadiene Styrene ("ABS")	1,263
6	Vitrified Clay pipe ("VCP")	12,760
6	PVC	3,046
6	DIP	85
8	VCP	71,673
8	PVC	90,059
8	DIP	1,280
10	VCP	7,675
10	PVC	3,455



12	ABS	9,346
12	PVC	565
15	VCP	1,900
15	PVC	6,755
15	DIP	165
18	Cast Iron Pipe ("CIP")	130
21	CIP	74

### Manholes ("MH") & Cleanouts

Type	Quantity
Standard MH	1,074
Drop MH	14
Cleanouts	30

### Service Laterals

Diameter	Material	Length (Feet)
4-inch		2,326
6-inch	:	21
	Total	2,347

## C. WASTEWATER FLOW

### North/West System

Table 2 below summarizes the Boulders wastewater flow data during the test year of July 2007 through June 2008 and Figure 4A is a graphic illustration of the same flow data. The daily average flow for the peak month was 124,286 GPD in February and the peak day flow occurred in January when 365,000 GPD flow was recorded.

**Table 2 Wastewater Flow  
(Boulders WWTP)**

Month	Number of Customers	Total Volumes of Treated Wastewater (gallons/month)	Daily Average Flow (gallons/day)	Peak Day flow (gallons)	Daily Average Flow (GPD/c)	Peak Day flow (GPD/c)
Jul 07	870	3,720,000	120,000	185,000	138	213
Aug 07	871	3,179,000	102,548	293,000	118	336
Sep 07	872	3,600,000	120,000	181,000	138	208
Oct 07	872	3,720,000	120,000	183,000	138	210
Nov 07	872	2,821,000	94,033	187,000	108	214
Dec 07	873	3,720,000	120,000	205,000	137	235
Jan 08	874	3,720,000	120,000	365,000	137	418



Feb 08	875	3,480,000	124,286	242,000	142	277
Mar 08	875	3,720,000	120,000	217,000	137	248
Apr 08	875	3,540,000	118,000	193,000	135	221
May 08	876	3,217,000	103,774	168,000	118	192
Jun 08	876	3,573,000	119,100	175,000	136	200
Avg					132	236

### South System

Table 3 below summarizes the Scottsdale wastewater flow data during the test year of July 2007 through June 2008 and Figure 4B is a graphic illustration of the same flow data. The average daily flows experienced the highest flow of 392,464 GPD in February.

**Table 3 Wastewater Flow  
(To Scottsdale WWTP)**

Month	Number of Customers	Total Volumes of Treated Wastewater (gallons/month)	Daily Average Flow (gallons/day)	Daily Average Flow (GPD/c)
Jul 07	1,237	5,792,000	186,839	151
Aug 07	1,238	7,000,000	225,806	182
Sep 07	1,238	6,334,000	211,133	171
Oct 07	1,238	8,800,000	283,871	229
Nov 07	1,240	9,330,000	311,000	251
Dec 07	1,241	7,842,000	252,968	204
Jan 08	1,242	9,500,000	306,452	247
Feb 08	1,244	10,989,000	392,464	315
Mar 08	1,244	11,195,000	364,355	293
Apr 08	1,244	9,604,000	320,133	257
May 08	1,244	7,134,000	230,129	185
Jun 08	1,246	5,633,000	187,767	151
Average				220

Staff concludes that the Company has adequate capacity to serve its existing customers and projected growth through 2012.

### D. GROWTH

Based on the service connection data in the Company's annual reports, the number of customers served by Black Mountain increased from 1,295 to 2,130 between December 1999 and December 2008, with an average growth rate of 34 customers per year for the period. Based on the linear regression analysis, the Company could have approximately 2,270 customers by the end of 2012. The following table summarizes actual and projected growth in the Company's existing certificated service area.



**Table 4 Actual and Projected Growth in Black Mountain Sewer Service Area**

Year	Nos. of Customers	
1999	1,295	Reported
2000	1,429	Reported
2001	1,672	Reported
2002	1,730	Reported
2003	1,794	Reported
2004	1,923	Reported
2005	2,043	Reported
2006	2,020	Reported
2007	2,111	Reported
2008	2,130	Reported
2009	2,160	Estimated
2010	2,194	Estimated
2011	2,228	Estimated
2012	2,262	Estimated

#### **E. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY COMPLIANCE**

##### *Black Mountain Sewer Systems*

Arizona Department of Environmental ("ADEQ") regulates the Black Mountain Sewer systems under Aquifer Protection Permit ("APP") No. 11175. Per the February 9, 2009 Compliance Status Report issued by ADEQ, the Boulders WWTP is in full compliance with agency requirements for operation and maintenance, operator certification and discharge permit limits.

##### *Scottsdale WWTP*

ADEQ regulates the Scottsdale WWTP under APP Permit No. 102633. Per the April 29, 2009 Compliance Status Report issued by ADEQ, the Scottsdale WWTP is in full compliance with agency requirements for operation and maintenance, operator certification and discharge permit limits.

#### **F. ARIZONA CORPORATION COMMISSION ("ACC") COMPLIANCE**

A check with the Utilities Division Compliance Section showed no delinquent compliance items.

#### **G. DEPRECIATION RATES**

Decision No. 69164 (dated December 5, 2006) approved the depreciation rates used by Black Mountain in this rate proceeding except that the Company reorganized the authorized rates utilizing the National Association of Regulatory Commissioners' ("NARUC") latest plant account matrix as presented in Figure 6.



Staff recommends that the depreciation rates presented in Figure 6 by NARUC account be used.

## H. OTHER ISSUES

### 1. Offsite Hookup Fee Tariff ("HUF Tariff")

The Company estimates a total of 3,923 connections by 2027 based on the Company's 2008 Master Plan. The Company requests that a hook-up fee apply to new connections. Under the proposal the fee amount would be based on expected flow that would be generated by each new connection. Staff has estimated that total flow will reach approximately 957,212 GPD by 2027. Staff's estimate is based on the Company's maximum daily average flow of 244 GPD per connection during the test year multiplied by the total of 3,923 connections. The Company currently has 1,120,000 GPD of treatment capacity which represents the combined capacity of 120,000 GPD from the Boulders plant and 1,000,000 GPD from Scottsdale. Staff concludes that the Company has adequate treatment capacity to handle projected growth. Therefore, Staff recommends denial of the Company's Offsite Hookup Fee Tariff request.

### 2. Chemical Testing Expenses

Table 5 below is Staff's calculation of annual test expenses based on the Company's APP monitoring requirements and the monitoring requirements in the Scottsdale Agreement. Staff's total estimated testing expense is \$14,362 annually.

**Table 5 Wastewater Testing Cost for Boulders WWTP (per Permit Monitoring Requirement in APP No. P11175)**

	Cost per test	No. of tests per year	Annual Cost
Fecal Coliform -- daily	\$15	365	\$5,475
Total Nitrogen (effluent) - monthly	\$52	12	\$624
Fluoride (effluent) - quarterly	\$16	4	\$64
Cyanide (effluent) -- quarterly	\$56	4	\$224
Antimony (effluent) -- quarterly	\$16.80	4	\$67
Arsenic (effluent) -- quarterly	\$16.80	4	\$67
Volatile Organic Compound's (effluent) -- Semi-annually	\$625	2	\$1,250



Enteric Virus - monthly	\$460	12	\$5,520
Turbidity - daily	\$0*	365	\$0
Barium (effluent) – quarterly	\$10	4	\$40
Beryllium (effluent) – quarterly	\$10	4	\$40
Cadmium (effluent) – quarterly	\$15	4	\$40
Chromium (effluent) – quarterly	\$10	4	\$40
Lead (effluent) – quarterly	\$15	4	\$60
Mercury (effluent) – quarterly	\$32	4	\$128
Nickel (effluent) – quarterly	\$10	4	\$40
Selenium (effluent) – quarterly	\$15	4	\$60
Thallium (effluent) – quarterly	\$15	4	\$60
ICP digestion	\$16	1	\$16
ICP-MS digestion	\$15	1	\$15
Total			\$13,830

**Table 6 Wastewater Testing Cost per Service Agreement Monitoring Requirement  
(Scottsdale – Agreement No.960058)**

	Cost per test	No. of tests per year	Annual Cost
BOD <sub>5</sub> - 7 samples/quarterly	\$36	28	\$168
TSS - 7 samples/quarterly	\$13	28	\$364
Total			\$532

\* The Company uses on-site auto turbidity meter to measure this parameter.

Staff recommends annual testing expenses be adjusted for purposes of this rate case to Staff's estimated annual expense amount of \$14,362.



### *3. Pretreatment Tariff*

The Company requests approval of a Pretreatment Tariff in this rate application. The proposed Tariff sets forth certain waste limitations and pretreatment standards that apply based on the class of commercial/industrial customer served by the Company. The tariff, if approved, will govern the type and quality of waste discharged into the Company's wastewater collection system and treated at its wastewater treatment facility. The Company modeled its proposed Pretreatment Tariff after Scottsdale's Pretreatment Program. Staff has reviewed the Company's proposed tariff and recommends approval of the tariff which is attached as Figure 7.



**FIGURES**

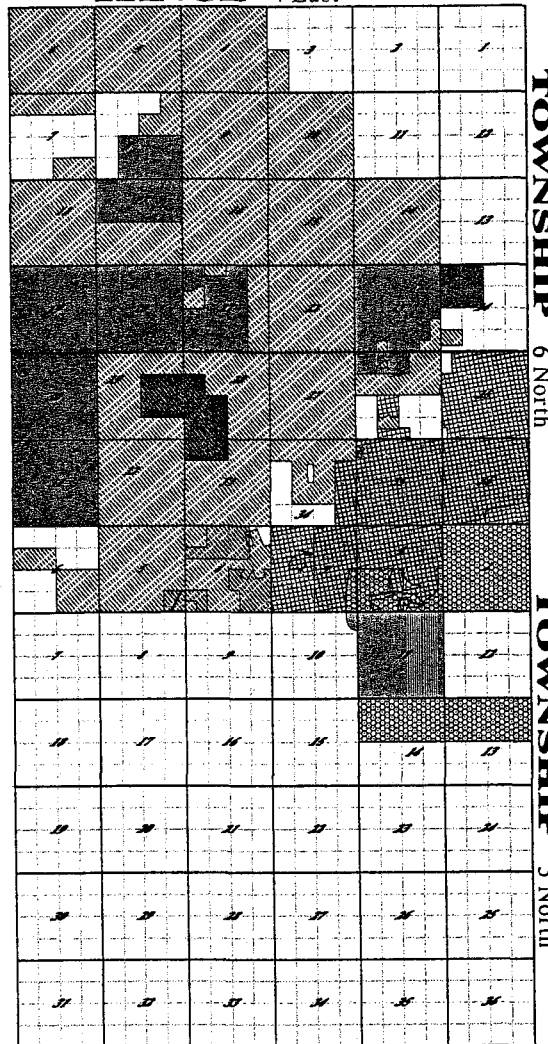


Figure 1

BLACK MOUNTAIN SEWER CERTIFICATED AREA

**COUNTY:** *Maricopa*

**RANGE** 4 East



- W-1452 (4)  
Cave Creek Water Company
- C-0016 (1)  
Town of Cave Creek (Sewer Only)
- Sewer SW-2361 (2)  
Black Mountain Sewer Corporation
- C-0023 (3)  
Town of Carefree (Nonjurisdictional)
- Cave Creek Water Company  
Docket No. W-01452A-06-0449  
Application for Extension

- W-1452 (4)  
Cave Creek Water Company
- Sewer SW-2361 (2)  
Black Mountain Sewer Corporation
- C-0011 (5)  
City of Scottsdale (Nonjurisdictional)
- C-0023 (3)  
Town of Carefree (Nonjurisdictional)

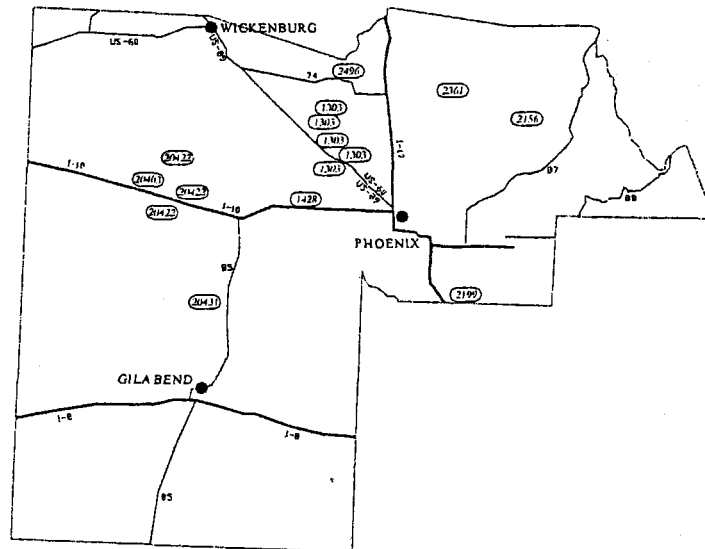
TRIMAC 30 SEP 2005



Figure 2

LOCATION OF BLACK MOUNTAIN SEWER DIVISION

MARICOPA COUNTY (SEWER)



- (1303) ARIZONA-AMERICAN WATER COMPANY
- (20403) BALTERRA SEWER CORPORATION
- (2361) BLACK MOUNTAIN SEWER CORPORATION
- (20431) GREEN ACRES SEWER, LLC
- (20422) HASSAYAMPA UTILITY COMPANY, INC.

- (2496) LAKE PLEASANT SEWER COMPANY
- (1428) LITCHFIELD PARK SERVICE COMPANY
- (2199) PIMA UTILITY COMPANY
- (2156) RIO VERDE UTILITIES, INC.



**FIGURE 3A**  
**BLACK MOUNTAIN SEWER SYSTEMATIC FLOW DIAGRAM**

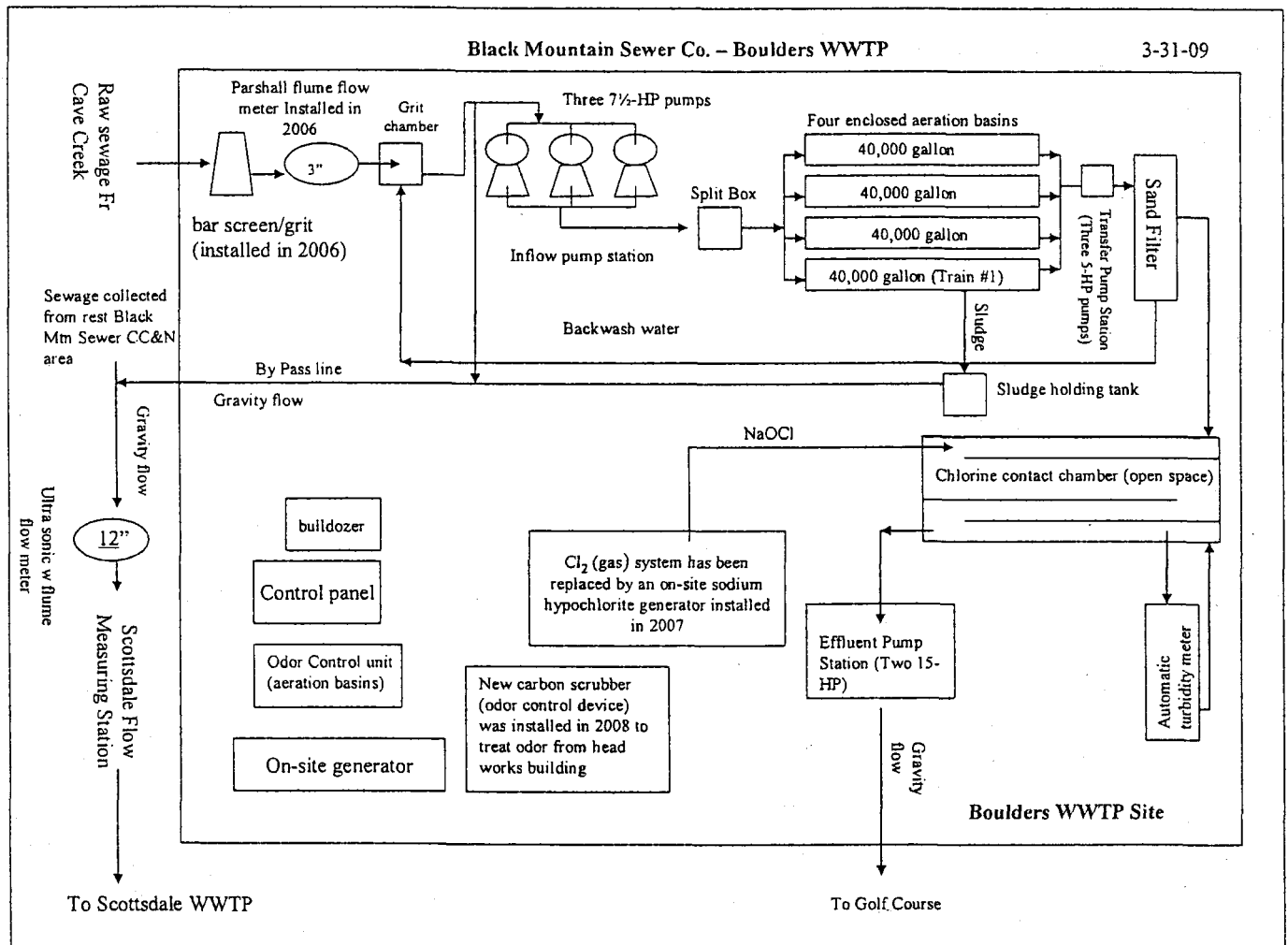




FIGURE 3B

BLACK MOUNTAIN SEWER SYSTEMATIC FLOW DIAGRAM

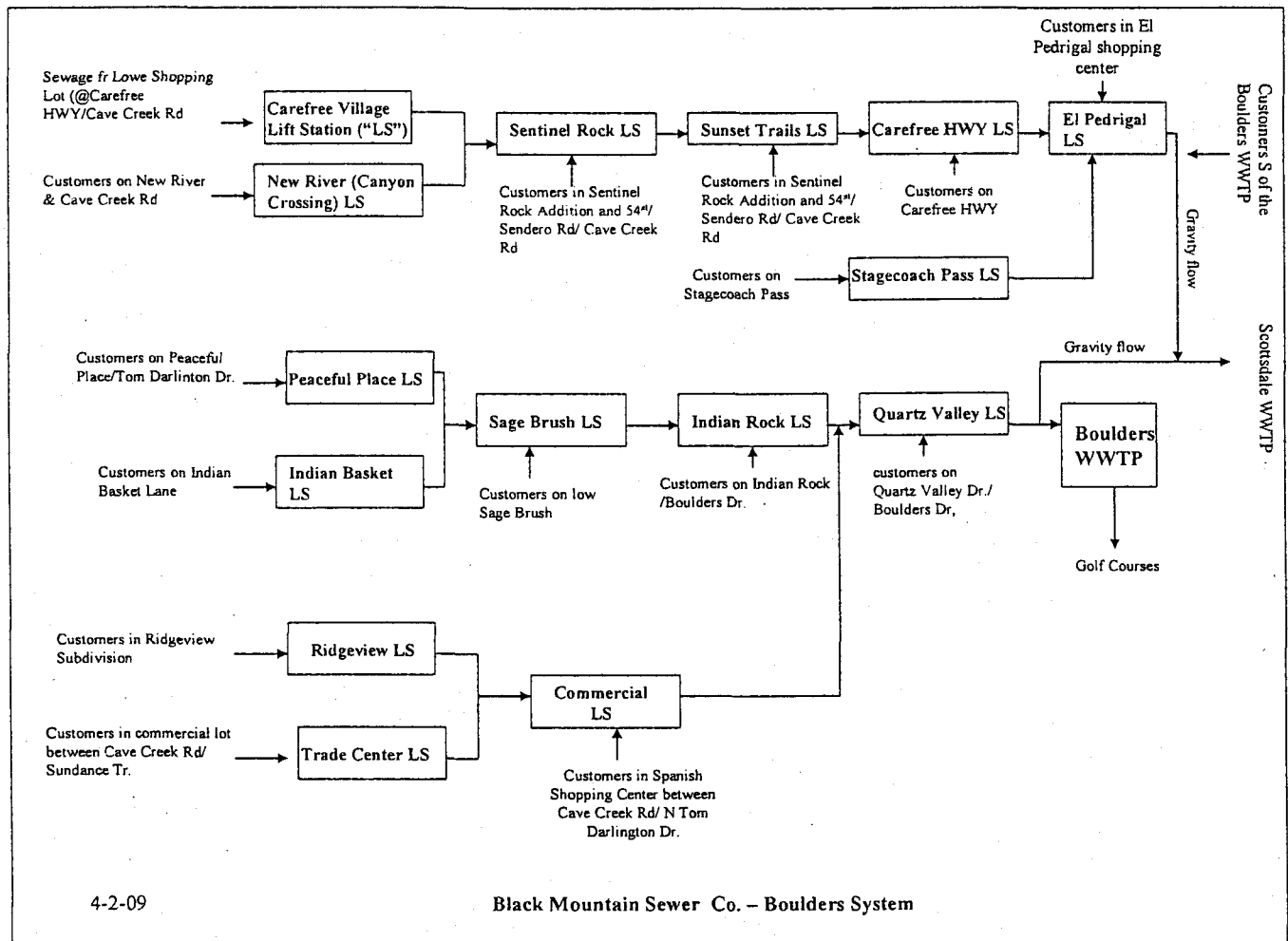




FIGURE 3C

BLACK MOUNTAIN SEWER SYSTEMATIC FLOW DIAGRAM

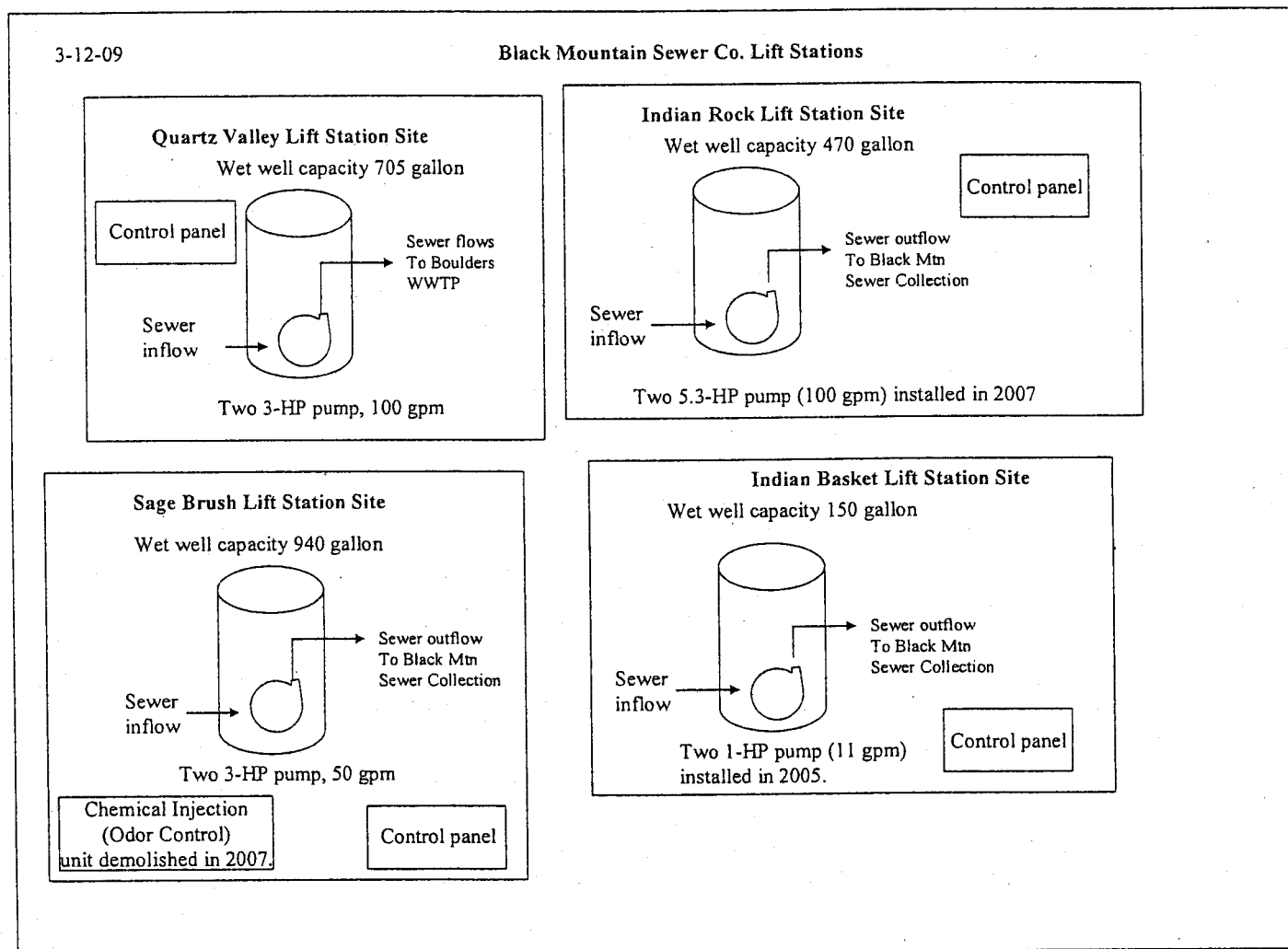




FIGURE 3 D

BLACK MOUNTAIN SEWER SYSTEMATIC FLOW DIAGRAM

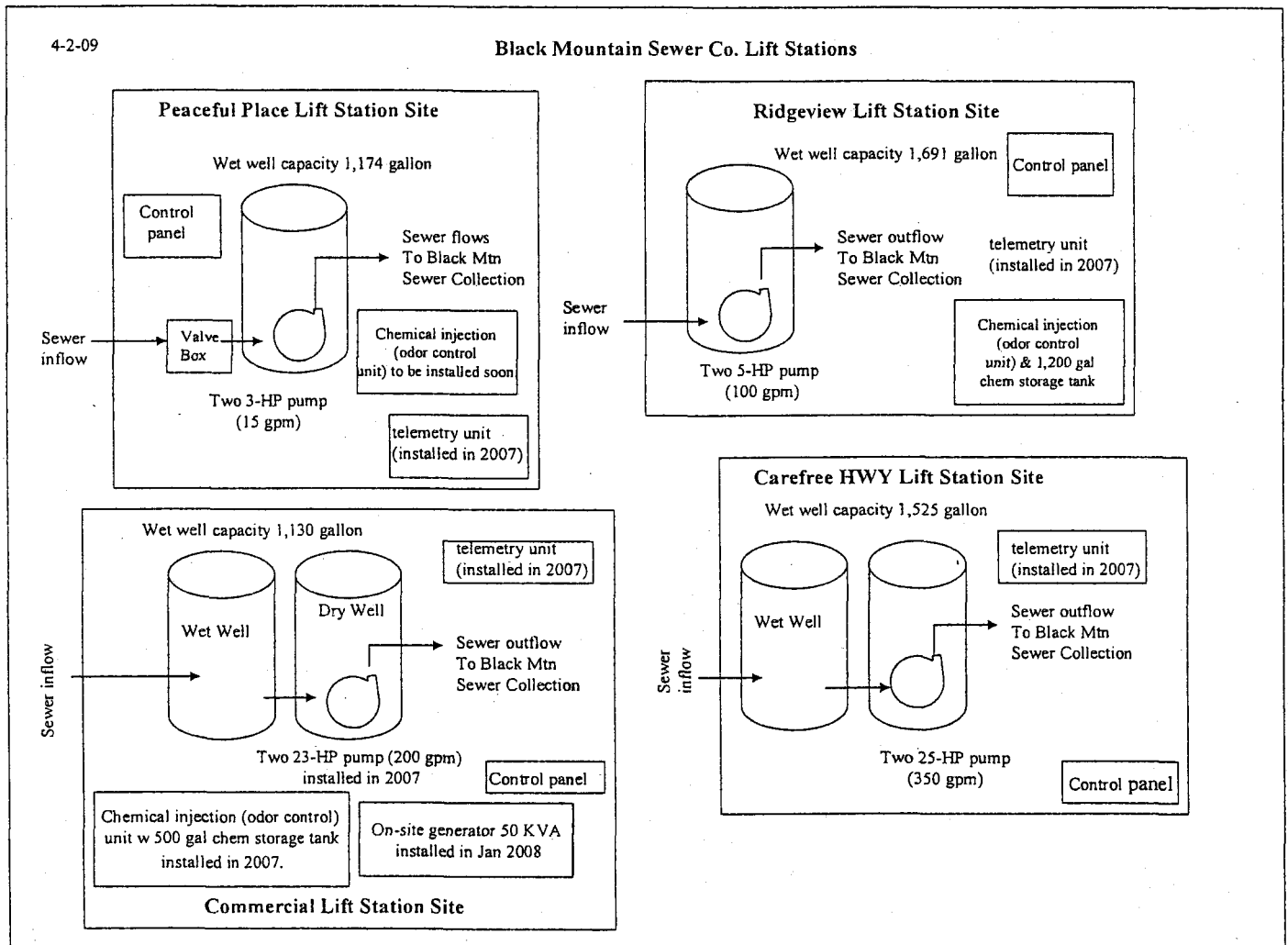




FIGURE 3 E

BLACK MOUNTAIN SEWER SYSTEMATIC FLOW DIAGRAM

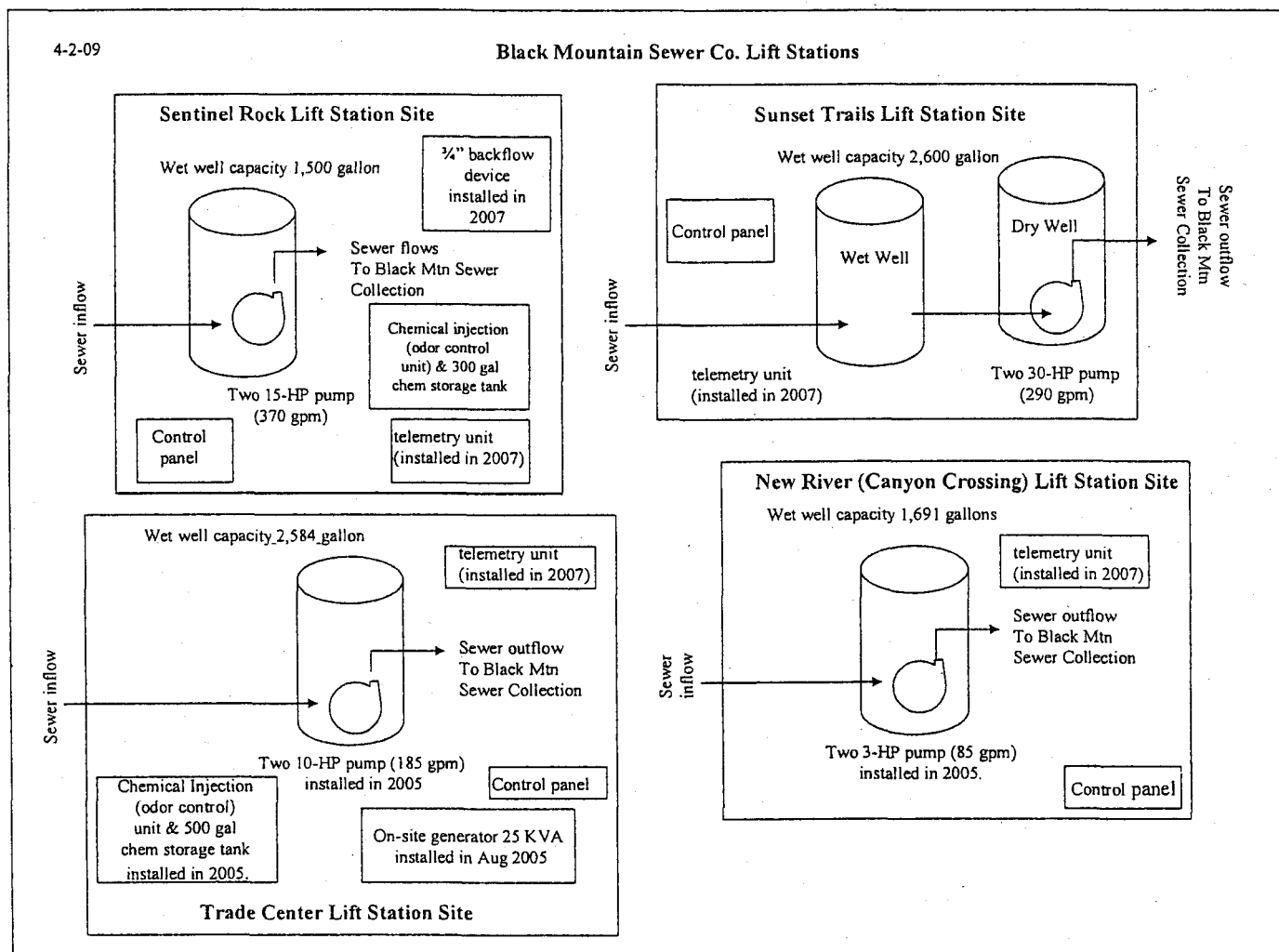




FIGURE 3 F

BLACK MOUNTAIN SEWER SYSTEMATIC FLOW DIAGRAM

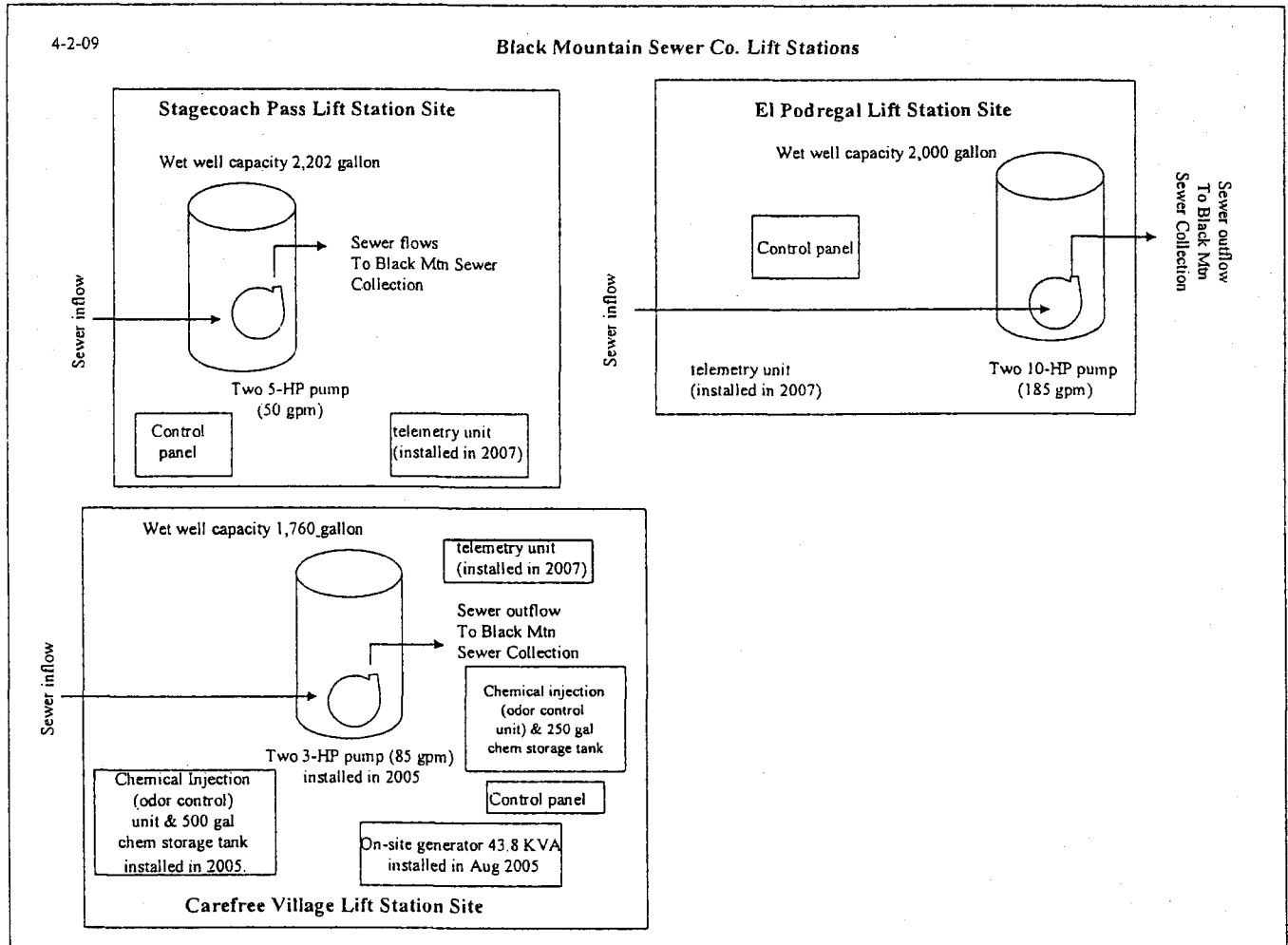




FIGURE 3 G

BLACK MOUNTAIN SEWER SYSTEMATIC FLOW DIAGRAM

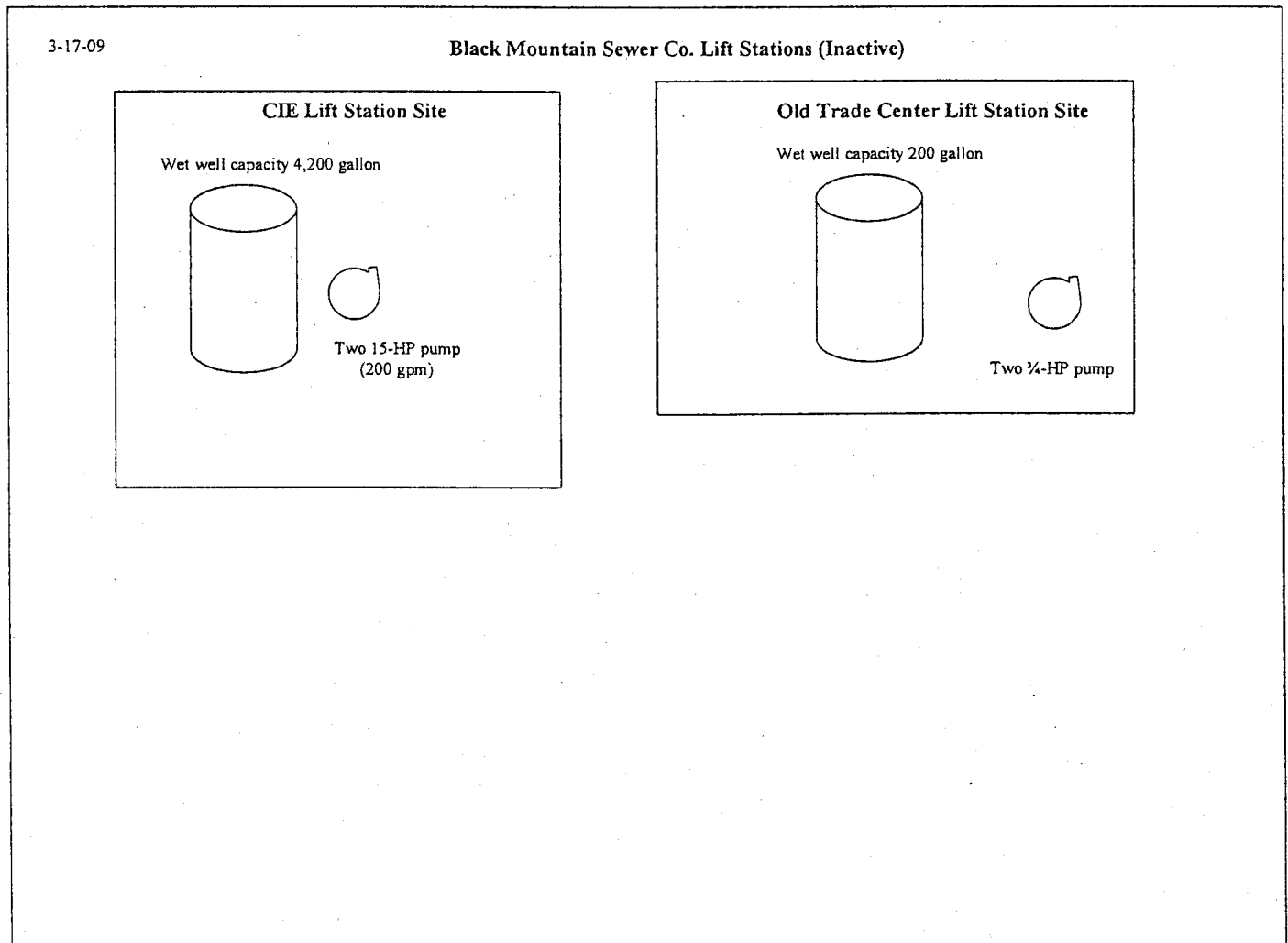




FIGURE 4A

WASTEWATER FLOW FROM BLACK MOUNTAIN NORTH/WEST SYSTEM  
SERVICE AREA

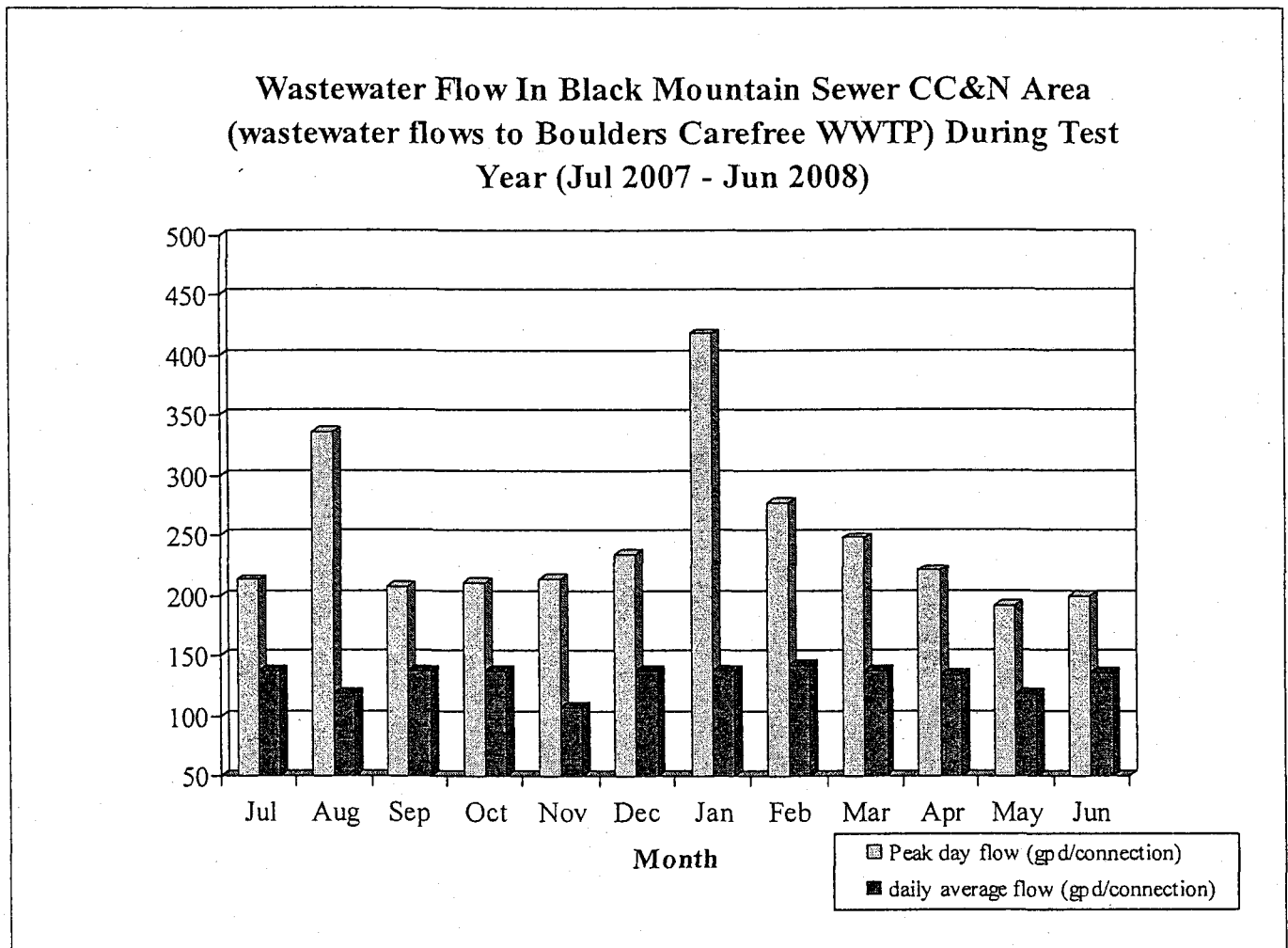




FIGURE 4B

WASTEWATER FLOW FROM BLACK MOUNTAIN SOUNTH SYSTEM SERVICE  
AREA

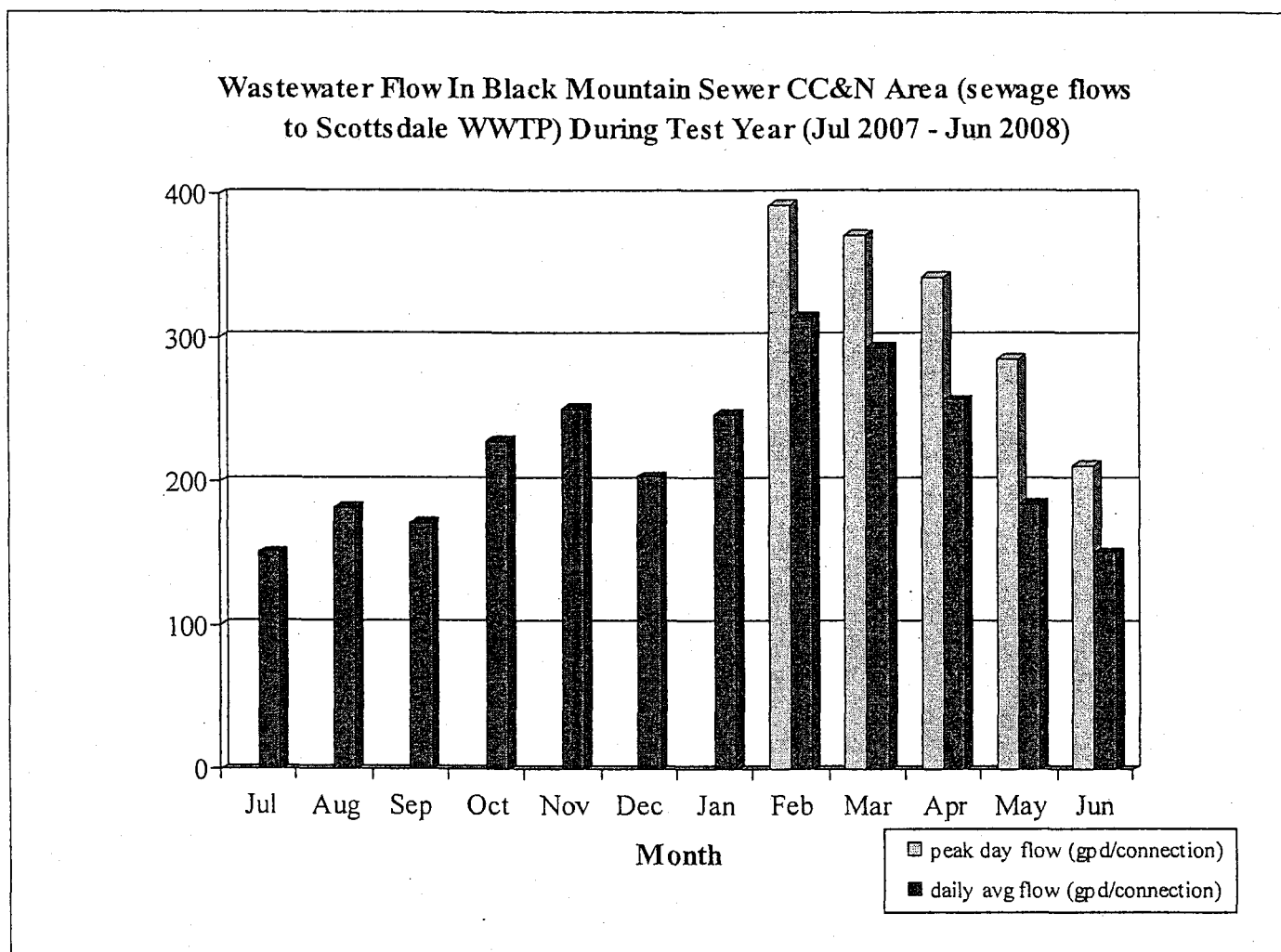




FIGURE 5

PROJECTED AND ACURATE GROWTH IN BLACK MOUNTAIN

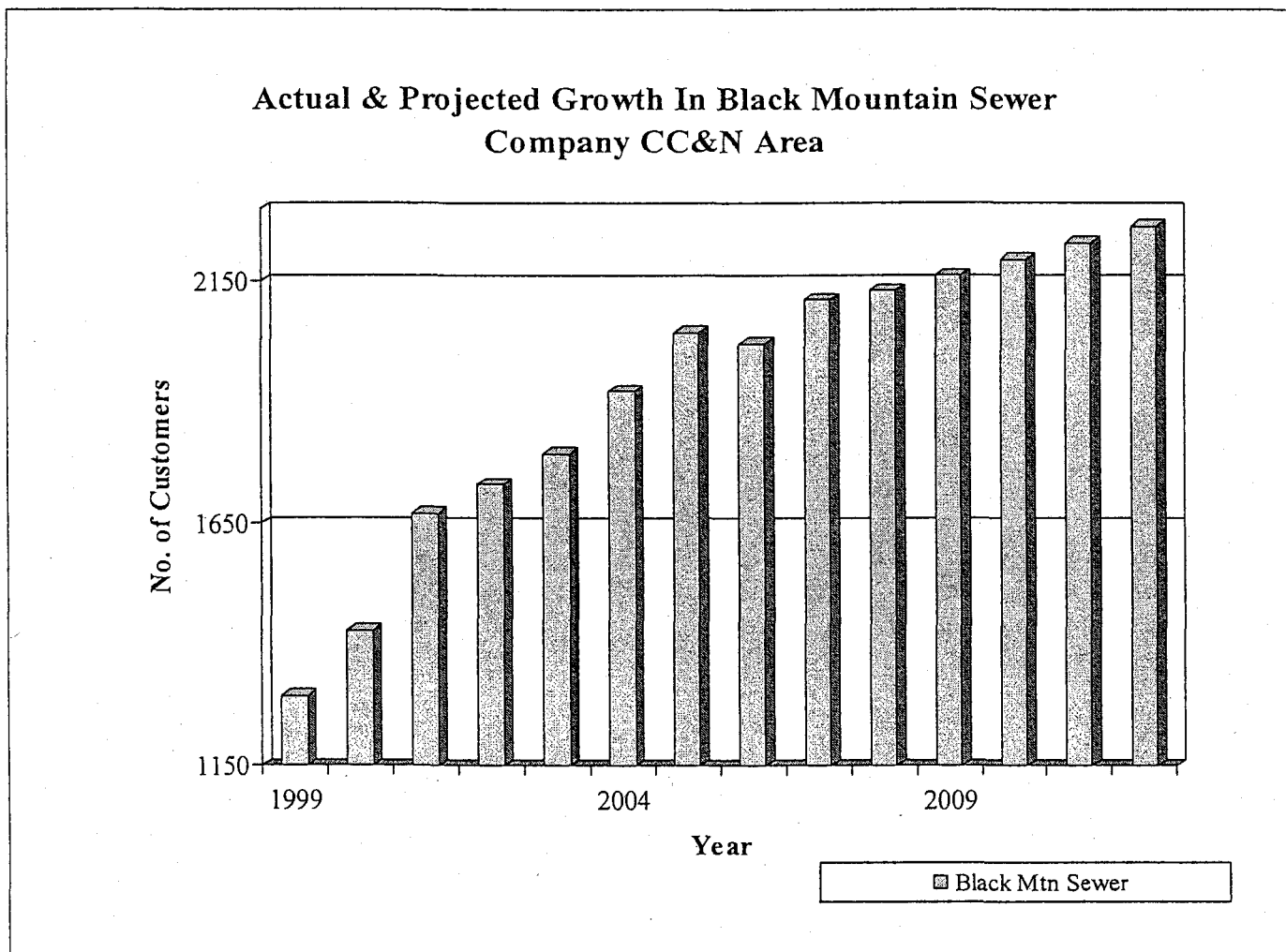




Figure 6 Depreciation Rates for Black Mountain Sewer Co.

NARUC Acct #	Depreciable Plant	Decision #69164	Co. Proposed Rate (%)	Staff Recommended Rate (%)
351	Organization	0.00	0	0
352	Franchises	0.00	0	0
353	Land & Land Rights	0.00	0	0
354	Structure & Improvements	3.33	3.33	3.33
355	Power Generation Equipment	5.00	5.00	5.00
360	Collection Sewers - Force	2.00	2.00	2.00
361	Collection Sewers - Gravity	2.00	2.00	2.00
362	Special Collection Structures	2.00	2.00	2.00
363	Service to Connections	2.00	2.00	2.00
364	Flow Measuring Devices	10.00	10.00	10.00
365	Flow Measuring Installations	10.00	10.00	10.00
366	Reuse Services	2.00	N/A	2.00
367	Reuse Meters & Meter Installations	8.33	N/A	8.33
370	Receiving Wells	3.33	3.33	3.33
371	Pump Equipment	12.50	12.50	12.50
374	Reuse Distribution Reservoirs	2.5	N/A	2.50
375	Reuse Transmission and Distribution System	2.5	N/A	2.00
380	Treatment & Disposal Equipment	5.00	5.00	5.00
381	Plant Sewers	5.00	5.00	5.00
382	Outfall Sewer Lines	3.33	3.33	3.33
389	Other Plant & Misc Equipments	6.67	6.67	6.67
390	Office Furniture & Equipments	6.67	6.67	6.67
390.1	Computer & Software	20.00	N/A	20.00
391	Transportation Equipments	20.00	20.00	20.00
392	Store Equipment	4.00	N/A	4.00
393	Tools, Shop, Garage Equipments	5.00	5.00	5.00
394	Lab Equipments	10.00	10.00	10.00
395	Power Operated Equipment	5.00	5.00	5.00
396	Communication Equipment	10.00	10.00	10.00
397	Miscellaneous Equipment	10.00	N/A	10.00
398	Other plants	---	10.00	10.00



## FIGURE 7

### PRE-TREATMENT TARIFF

#### PURPOSE

The purpose of this tariff is to enable **Black Mountain Sewer Company** ("Company") to set forth certain waste limitations and pretreatment standards that apply based on the class of commercial/industrial customer served by the Company's Wastewater Treatment Facilities, located in Maricopa County, Arizona. Customer classes include dental offices, dry cleaners, food service establishments, photo imaging operations, Recreational Vehicle Parks and pretreatment for industrial wastes. This tariff will govern the type and quality of waste discharged into the Company's wastewater collection system and treated at its wastewater treatment facilities.

Because some of the Company's wastewater is treated by the City of Scottsdale, this tariff incorporates pretreatment standards consistent with the City of Scottsdale guidelines, which meet applicable Federal and State standards. In addition, the Company has a Code of Practice guideline attached to this tariff.

#### REQUIREMENTS

The requirements of this tariff, which are governed by Rules of the Arizona Corporation Commission ("Commission"), specifically A.A.C. R14-2-603, -605, -607, and -609, the United States Environmental Protection Agency, and the Arizona Department of Environmental Quality, are as follows:

1. Any customer disposing of industrial waste considered as hazardous under this tariff shall notify the Company in writing of any discharge into the Company's collection system. The specific information for the reporting and time-frame requirement to be submitted to the Company is 180 days per 40 CFR §403.12 (p)
2. The Company may require monitoring equipment facilities, at the customer's expense, to allow inspection, sampling, and flow measurement of any discharges as necessary to determine compliance with this tariff.
3. Subject to the provisions of A.A.C. R14-2-603, -607 and -609, the Company may terminate service or may deny service to a customer who fails to meet the pretreatment standards or to permit the inspecting and sampling of any discharge as required by this tariff.
4. The Company may suspend wastewater treatment service, in accordance with A.A.C. R14-2-609.(B) (without notice), when such suspension is necessary, in the opinion of the Company, in order to stop an actual or threatened discharge which presents or may present an imminent or substantial endangerment to the health or



- welfare of persons, to the environment, or causes the Company to violate any condition of its aquifer protection permit.
5. The Company shall give any new customer who is required to meet the pretreatment standards written notice of said requirement and shall be given a complete copy of this tariff and all attachments.
  6. Any existing customer found to be in violation of this tariff shall be given written notice of such violation and a complete copy of this tariff with all attachments. If A.A.C. R14-2-609.(B).(1). is **not** applicable, the customer shall be given thirty (30) days from the time such written notice is received to comply with this notice. If the customer can show good cause as to why the pretreatment standards cannot be met within thirty (30) days, the Company may, at its sole discretion, allow a customer an additional thirty (30) days to have the pretreatment standards met.
  7. Consistent with the provisions of A.C.C. R14-2-607.(B).(1) and (2), each customer shall be responsible for maintaining and safeguarding all Company property installed on the customer's premises for the purpose of supplying utility service to that customer.

Attachment – Company's Code of Practice Guideline (32 page)

Websites:

Arizona Administrative Code (A.A.C.) Title 18, Chapter 9

[www.azsos.gov/public\\_services/table\\_of\\_contents.htm](http://www.azsos.gov/public_services/table_of_contents.htm)

Under this webpage, go to "Title 18" and click on Chapter 9 ("Department of Environmental Quality – Water Pollution Control"). Then go to Section "R18-9-A906".

City of Scottsdale:

[www.scottsdaleaz.gov/water/quality/pretreatment.asp](http://www.scottsdaleaz.gov/water/quality/pretreatment.asp)

Code of Federal Register (CFR) 40 CFR:

[www.epa.gov/lawsregs/search/40cfr.html](http://www.epa.gov/lawsregs/search/40cfr.html)

Under this webpage, click on "Chapter I", click on "Volume 28 & Browse Parts 400-420", click on "Part 403", goes to "Table of Contents 403.6(e)".



Black Mountain Sewer Practice Code

Black Mountain Sewer Company

PRETREATMENT STANDARDS TARIFF

**EXECUTIVE SUMMARY**

Black Mountain Sewer Company ("BMSC" or "Company") hereby declares that the following Code of Practice has been prepared and adopted to provide for pretreatment standards in the maintenance and operation of wastewater treatment at the Company's Wastewater Treatment Facility ("WWTF"). This Code of Practice shall be filed with the Arizona Corporation Commission and made part of BMSC's Wastewater Service Tariff, Part Four, Section I.B [Waste Limitations].

BMSC hereby expressly reserves the right to make any lawful addition and/or revisions in this Code of Practice when and as they may become advisable to properly manage the WWTF and to promote the peace, health, safety and welfare of the customers that will be served. This Code of Practice is supplementary to, and are not to be construed as, any abridgement of any lawful rights of the Company as outlined in the Arizona Revised Statutes governing Public Utilities (Title 40) and the Arizona Administrative Corporation Commission Rules on Sewer (Title 14, Article 6), including the right to disconnect or to refuse permission to connect a customer to the Company's wastewater system for violation of this Code of Practice or any other applicable law of the State of Arizona.

This Code of Practice incorporates pretreatment standards per 40 CFR 403, A.A.C. Title 12, Article 4, and A.A.C. Title 18, Chapter 9, Article 3. This Code of Practice is enforceable per the authority granted to wastewater utilities established under A.A.C. Title 14, Chapter 2, Article 6 of the Arizona Administrative Code.



Black Mountain Sewer Practice Code

Black Mountain Sewer Company

CODE OF PRACTICE (BMSC-CP-01-DEF)

SECTION 1 – DEFINITIONS

A. PROHIBITED WASTE

Prohibited waste means:

1. Air Contaminant Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of creating, causing or introducing an air contaminant outside any sewer or sewage facility or is capable of creating, causing or introducing an air contaminant within any sewer or sewage facility which would prevent safe entry by authorized personnel.

2. Flammable or Explosive Waste

Any pollutants which create a fire or explosion hazard to the sewer or any waste other than sanitary waste which, which by itself or in combination with another substance, is capable of causing or contributing to an explosion or supporting combustion in any sewer or sewage facility including, but not limited to gasoline, naphtha, propane, diesel, fuel oil, kerosene or alcohol.

3. Obstructive Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, is capable of obstructing the flow of, or interfering with, the operation or performance of any sewer or sewage facility including, but not limited to: earth, sand, sweepings, gardening or agricultural waste, ash, chemicals, paint, metal, glass, sharps, rags, cloth, tar, asphalt, cement-based products, plastic, wood, waste portions of animals, fish or fowl and solidified fat.

4. Corrosive Waste

Any waste other than sanitary waste which, with corrosive properties which, by itself or in combination with any other substance, may cause damage to any sewer or sewage facility or which may prevent safe entry by authorized personnel.

5. High Temperature Waste

Any waste other than sanitary waste which, by itself or in combination with another substance, will create heat in amounts which will interfere with the operation and maintenance of a sewer or sewage facility or with the treatment of waste in a sewage facility;

Any waste other than sanitary waste which, will raise the temperature of waste entering any sewage facility to 40 degrees Celsius (104 degrees Fahrenheit) or more; or any non-domestic waste with a temperature of 65 degrees Celsius (150 degrees Fahrenheit) or more.



## Black Mountain Sewer Practice Code

### 6. Biomedical Waste

Any of the following categories of biomedical waste: human anatomical waste, animal waste, untreated microbiological waste, waste sharps, medical products, and untreated human blood and body fluids known to contain viruses and agents.

### 7. Miscellaneous Wastes

Any storm water, surface water, groundwater, roof runoff, or surface drainage is prohibited.

### 8. Dilution Wastes

Any discharge that has been in any way, been diluted as a substitute for pretreatment, for the purposes of obtaining compliance with any categorical standard or pretreatment requirement or any other requirement imposed by this article except where dilution is expressly authorized by any categorical standard.

### 9. Other Discharge Limitations.

Any discharge that is transported from the point of generation to the sewer by any hauler, unless the hauler has first:

- a. Obtained authorization to discharge from the Company.
- b. Disclosed the nature, origin, and volume of the discharge.

Any waste, other than sanitary waste, which by itself or in combination with another substance:

- a. constitutes or may constitute a significant health or safety hazard to any person;
- b. Any waste other than sanitary waste which may interfere with any sewer or sewage treatment process;
- c. may cause a discharge from a sewage facility to contravene any requirements by or under any ADEQ or NPDES discharge permit or any other act, approved Waste Minimization Plan (WMP), or any other law or regulation governing the quality of the discharge, or may cause the discharge to result in a hazard to people, animals, property or vegetation;
- d. may cause bio-solid to fail criteria for beneficial land application.

## B. RESTRICTED WASTE (BMSC-CP-01-001)

Restricted waste means:

### 1. Specified Waste

Any waste other than sanitary waste which, at the point of discharge into a sewer, contains any contaminant at a concentration in excess of the limits set out below. All concentrations are expressed as total concentrations which includes all forms of the contaminant, whether dissolved or un-dissolved. The concentration limits apply to both grab and composite samples. Contaminant definitions and methods of analysis are outlined in standard methods.

Approved: \_\_\_\_\_

Responsible Agent: Operations



Black Mountain Sewer Practice Code

CONVENTIONAL CONTAMINANTS [mg/L]	
Biochemical Oxygen Demand (BOD)	350
Chemical Oxygen Demand (COD)	1000
Oil and Grease	100
Suspended Solids	350

ORGANIC CONTAMINANTS (mg/L)	
Benzene	0.035
Ethyl Benzene	Reserved
Toluene	Reserved
Xylenes	Reserved
Reserved	Reserved
Chloroform	2.0
Oil and Grease (hydrocarbons)	15

PARAMETER Limitation (mg/L)	Daily Average Effluent
Arsenic (As)	0.13
Cadmium (Cd)	0.047
Chloride (Cl)	Reserved



# Black Mountain Sewer Practice Code

Chromium (Cr)	Reserved
---------------	----------

2 Note: Polynuclear Aromatic Hydrocarbons (PAH) include:

- naphthalene benzo(a)anthracene
- acenaphthylene chrysene
- acenaphthene benzo(k)fluoranthene
- fluorene benzo(k)fluoranthene
- phenanthrene benzo(a)pyrene
- anthracene dibenzo(a,h)anthracene
- fluoranthene indeno(1,2,3-cd)pyrene
- pyrene benzo(g,h,i)perylene

Cobalt (Co)	Reserved
Copper (Cu)	1.5
Cyanide (CN)	2.0
Iron (Fe)	Reserved
Lead (Pb)	0.41
Manganese (Mn)	Reserved
Mercury (Hg)	0.0023
Molybdenum (Mo)	Reserved
Nickel (Ni)	Reserved
Selenium (Se)	0.10
Silver (Ag)	1.2
Sulfate (SO <sub>4</sub> )	Reserved
Sulfide (S)	N/A
Zinc (Zn)	3.5



## Black Mountain Sewer Practice Code

### 2. Food Waste

Any solid or viscous pollutants, animal fats, oil, and grease (FOG) in amounts that may cause obstruction to the flow in sewers or pass through or other interference or damage to the sewer collection system. Any pollutant, including oxygen demanding pollutants (BOD, COD, TOC, etc.) released in a discharge flow at a rate and/or pollutant concentration which may cause interference with the sewer collection system or wastewater treatment process. This also includes petroleum oil, non-biodegradable cutting oil, or other products of mineral oil origin in amounts that may cause interference or pass through at the wastewater treatment facility.

### 3. Radioactive Waste

Any discharge containing a toxic, radioactive, poisonous or other substances in which sufficient quantity to cause or have the potential to cause injury or damage to a person or property or interference with any sewage treatment process, cause corrosive structural damage, constitute a hazard to humans or create any hazard to the sewer system or the effluent of the sewer system.

### 4. pH Waste

Any discharge with a pH less than 5.0 standard units (SU) or greater than 10.5 SU as determined by either a grab or a composite sample.

### 5. Dyes and Coloring Material

Dyes or coloring materials which may pass through a sewage facility and discolor the effluent from a sewage facility except where the dye is used by the Sewer Company, or one or more of its agents, as a tracer.

### 6. Miscellaneous Restricted Wastes

Any of the following wastes:

- a. 4,4' - DDE
- b. 4,4' - DDT
- c. Aldrin
- d. BHC—Alpha
- e. BHC—Beta
- f. BHC—Gamma (Lindane)
- g. Heptachlor.
- h. Heptachlor epoxide.
- i. Polychlorinated biphenyl compounds (PCB's)
- j. chlorinated phenols<sup>1</sup>

<sup>1</sup> include:

- chlorophenol (ortho, meta, para)
- dichlorophenol (2,3, 2,4-, 2,5-, 2,6-, 3,4-, 3,5-)
- trichlorophenol (2,3,4-, 2,3,5-, 2,3,6-, 2,4,5-, 2,4,6-, 3,4,5-)
- tetrachlorophenol (2,3,4,5-, 2,3,4,6-, 2,3,5,6-)
- pentachlorophenol



## Black Mountain Sewer Practice Code

- k. pesticides
- l. herbicides
- m. tetrachloroethylene

Approved: \_\_\_\_\_

Responsible Agent: Operations



Black Mountain Sewer Practice Code

Black Mountain Sewer Company.

CODE OF PRACTICE (BMSC-CP-01-002)

**SECTION 2 - DENTAL OPERATIONS**

**I. APPLICATION**

This code of practice for dental operations defines mandatory requirements for managing non-domestic waste discharged directly or indirectly into a sewer connected to a sewage facility.

This code of practice applies to dental operations.

**II. DISCHARGE REGULATIONS**

An operator of a dental operation must not discharge waste which, at the point of discharge into a sewer, contains:

- a. prohibited waste, special waste, or storm water ; or
- b. restricted waste with the exception of mercury measured at the point of discharge from a certified amalgam separator.

An operator of a dental operation that produces liquid waste from photographic imaging containing silver shall comply with the requirements of BMSC-CP-01-001.

An operator of a dental operation that produces wastewater containing dental amalgam must either:

- a. collect and transport the wastewater from the dental operation for off-site waste management; or
- b. treat the wastewater at the dental operation site prior to discharge to the sewer using a certified amalgam separator.

An operator of a dental operation must install and maintain the amalgam separator according to the manufacturer's or supplier's recommendations in order that the amalgam separator functions correctly. Such separator must be certified for use by the manufacturer.

An operator of a dental operation who installs an amalgam separator must ensure that:

- a. all dental operation wastewater that contains dental amalgam is treated using the amalgam separator;
- b. a monitoring point is installed at the outlet of the amalgam separator or downstream of the amalgam separator at a location upstream of any discharge of other waste;
- c. the monitoring point must be installed in such a manner that the total flow from the amalgam separator may be intercepted and sampled; and
- d. the monitoring point shall be readily and easily accessible at all times for inspection.



## Black Mountain Sewer Practice Code

If the amalgam separator is located downstream of a wet vacuum system, an operator of a dental operation must ensure that:

- a. the wet vacuum system is fitted with an internal flow control fitting; or
- b. a flow control fitting is installed on the water supply line to the wet vacuum system.

The flow control fitting must be sized to limit the flow to a rate that is no more than the maximum inlet flow rate of the amalgam separator as stated by the manufacturer of the amalgam separator.

An operator of a dental operation must locate an amalgam separator in such a manner that an accidental spill, leak or collecting container failure will not result in waste containing amalgam entering any sewer. If a location is not available, an operator of a dental operation must do one of the following:

- (a) install spill containment to contain spills or leaks from the amalgam separator; or
- (b) cap all floor drains into which liquid spilled from the amalgam separator would normally flow.

An operator of a dental operation must replace the amalgam separator's collecting container when any one of the following occurs:

- (a) the manufacturer's or supplier's recommended expiry date, as shown on the amalgam separator, has been reached; or
- (b) the warning level specified by the manufacturer has been reached; or
- (c) analytical data obtained using a method of analysis outlined in standard methods, or an alternative method of analysis approved by the manager, having a method detection limit of 0.1 mg/L or lower, indicates that the total concentration of mercury in the discharge from the amalgam separator is greater than, or equal to, 0.0023 mg/L.

An operator of a dental operation shall not dispose of dental amalgam collected in an amalgam separator, a collecting container, or any other device, to a sewer.

### III. RECORD KEEPING AND RETENTION

An operator of a dental operation that uses an amalgam separator must keep, at the site of installation of the amalgam separator, an operation and maintenance manual containing instructions for installation, use, maintenance and service of the amalgam separator installed.

An operator of a dental operation that uses an amalgam separator must post, at the site of installation of the amalgam separator, a copy of the manufacturer's standard test report pertaining to the amalgam separator installed.

An operator of a dental operation that uses an amalgam separator must keep a record book at the dental operation site that includes the following information pertaining to the amalgam separator installed:

- a. date of installation of the amalgam separator and name of the installation service provider;



## Black Mountain Sewer Practice Code

- b. serial number and expiry date of the amalgam separator and/or its components;
- c. maximum recommended flow rate through the amalgam separator, where applicable;
- d. dates of inspection, maintenance, cleaning and replacement of any amalgam separation equipment or components;
- e. dates and descriptions of all operational problems, spills, leaks or collecting container failures associated with the amalgam separator and remedial actions taken;
- f. name, address and telephone number of any person or company who performs any maintenance or disposal services related to the operation of the amalgam separator; and
- g. dates of pick-up of the collecting container for off-site disposal, volume of waste disposed and the location of disposal.

The records must be retained for a period of two years and must be available on request by a company representative.



# Black Mountain Sewer Practice Code

Black Mountain Sewer Company.

## CODE OF PRACTICE (BMSC-CP-01-003)

### SECTION 3 - DRY CLEANING OPERATIONS

#### I. APPLICATION

This code of practice for Dry Cleaning operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from dry cleaning businesses, or other facilities employing solvent or chemical cleaning routines.

Definitions are included in BMSC-CP-01-DEF.

#### II. DISCHARGE REGULATIONS

An operator of a dry cleaning operation must not discharge waste, which at the point of discharge into a sewer contains:

- (a) Tetrachloroethylene and Perchlomethylene is prohibited;
- (b) Petroleum solvent in a concentration that is in excess of 15 milligrams per liter as analyzed in a grab sample; and
- (c) Prohibited waste, restricted waste, special waste, storm water, or uncontaminated water.

An operator of a dry cleaning operation that generates wastewater containing tetrachloroethylene or petroleum solvent shall either:

- (a) Collect and transport the wastewater from the dry cleaning operation for off site waste management; or
- (b) Install and maintain a solvent/water separator and holding tank in accordance with this code of practice.

All dry cleaning operations in business that generate wastewater containing tetrachloroethylene or petroleum solvent, but do not have a solvent/water separator and holding tank shall install and maintain a solvent/water separator and holding tank when any of the following occur:

- (a) The dry cleaning operation is renovated, to modify the plumbing or dry cleaning equipment;
- (b) New equipment, designed specifically for dry cleaning, is added to the dry cleaning operation; or
- (c) The discharge from the dry cleaning operation exceeds the discharge limits specified above or any of the restricted waste criteria specified in BMSC-CP-01-DEF.

#### Solvent Water Separators and Holding Tanks



## Black Mountain Sewer Practice Code

Solvent/water separator and holding tank installations must conform to the requirements of this code of practice.

An operator of a dry cleaning operation shall not directly discharge wastewater from the solvent/water separator to a sewage facility

An operator of a dry cleaning operation must:

- (a) Collect the wastewater discharged from a solvent/water separator into a transparent, solvent-compatible, holding tank with a containment capacity 25% larger than the total volume of the solvent/water separator; and
- (b) Allow the wastewater to stand undisturbed for a period of not less than 12 hours following each operating date.

An operator of a dry cleaning operation must check the contents of the holding tank after the specified period of time has elapsed to determine whether the wastewater contains any visible residual solvent. If there is no visible residual solvent in the holding tank, the contents may be discharged to the sewer.

If the holding tank contains any visible tetrachloroethylene or petroleum solvent after the specified period of time, then the tetrachloroethylene or petroleum solvent must be separated and returned to the solvent recovery system. After the removal of all visible solvent, the wastewater may be discharged to the sanitary sewer.

### Visual Inspections

An operator of a dry cleaning operation must:

- (a) Visually inspect the solvent/water separator on a daily basis and
- (b) Clean the solvent/water separator at least once every seven (7) days to manufacturer's standards.

### Spills and Leaks

An operator of a dry cleaning operation must install spill containment facilities in all chemical storage areas and around all dry cleaning machines.

An operator of a dry cleaning operation must block off all sewer drains within the containment area for chemical storage and dry cleaning equipment to prevent any accidental discharge of solvent to a sewer.

An operator of a dry cleaning operation must inspect all dry cleaning equipment for liquid leaks at least once per day.

An operator of a dry cleaning operation must keep all equipment clean to ensure that leaks are visible. The following areas and items are to be checked for leaks:

- (i) hose connections, unions, couplings and valves
- (ii) machine door gasket and seating
- (iii) filter head gasket and seating



## Black Mountain Sewer Practice Code

- (iv) pumps
- (v) base tanks and storage
- (vi) solvent/water separators
- (vii) filter sludge recovery
- (viii) distillation unit
- (ix) diverter valves
- (x) saturated lint in lint baskets
- (xi) holding tanks
- (xii) cartridge filters

An operator of a dry cleaning operation who detects any liquid leak from dry cleaning equipment or chemical storage must repair the leak within 72 hours and must immediately prevent any discharge of contaminants to a sewer.

### III. RECORD KEEPING AND RETENTION

Every dry cleaning operation must keep a record book on site for inspection with records from the previous two years.

The following information shall be recorded in the record book:

- (i) record of all inspections done by the operator, employees or other hired personnel;
- (ii) record of any liquid leaks detected and remedial action taken;
- (iii) record of solvent/water separator cleaning;
- (iv) record of holding tank cleaning and solvent transfer; and
- (v) record of all other equipment maintenance and repair.



# Black Mountain Sewer Practice Code

Black Mountain Sewer Company.

## CODE OF PRACTICE (BMSC-CP-01-004)

### SECTION 4 - FOOD SERVICE OPERATIONS

#### I. APPLICATION

This code of practice for Food Service operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from restaurants, or other facilities employing food service (such as food preparation services) as a primary or secondary business operation. Traps, interceptors and separators shall be provided to prevent the discharge of oil, grease, sand and other substances harmful or hazardous to the building drainage system, the collection system the private sewage disposal system or the sewage treatment plant or processes.

Traps, interceptors and separators shall be installed:

- (a) operators of a food services operation that adds kitchen equipment that discharges oil and grease;
- (b) operators of a food services operation that discharges non-domestic waste to sewer that exceeds any of the restricted waste criteria specified in BMSC-CP-01-DEF; or
- (c) any food service operation, as determined by BMSC's wastewater operations group.
- (d) at new facilities
- (e) at existing facilities, not equipped with a trap. Interceptor or separator, when additions, alternations or remodel are done which increase servicing volume, seating capacity, changes to the menu, etc.
- (f) at existing facilities, equipped with a trap. Interceptor or separator, when additions, alternations or remodel are done which increase servicing volume, seating capacity, changes to the menu, etc.
- (g) at any non-food facilities when additions, alterations, or remodeling is proposed for the purpose of food preparation and service.
- (h) at existing facilities not equipped with a trap, interceptor or separator, which is proposed for the purpose of food preparation and service.

Definitions are included in BMSC-CP-01-

DEF.

#### II. DISCHARGE REGULATIONS

An operator of a Food Service Operation must not discharge waste, which at the point of discharge into a sewer, contains:

1. oil and grease in a concentration that is in excess of 100 milligrams per liter as analyzed in a grab sample;
2. suspended solids in a concentration that is in excess of 350 milligrams per liter as analyzed in a grab sample;



3. 5-day biochemical oxygen demand (BOD<sub>5</sub>) in a concentration that is in excess of 350 milligrams per liter in a grab sample;
4. prohibited waste, restricted waste, special waste, storm water, or uncontaminated water.

### III. GREASE INTERCEPTORS

Grease interceptors are required to be installed and maintained by the Owner of food service operations within the collection system of BMSC facilities. Grease interceptor installations shall conform to the requirements of this code of practice as well as the City of Scottsdale Chapter 10 Section 1003 - Traps, Interceptors, and Separators.

Interceptors, such as grease, oil, or sand shall be provided by laundries, restaurants, service stations, auto repair shops, carwashes and other industrial users when, in the opinion of BMSC interceptors are necessary for the proper handling of wastewater containing oil and grease or sand or any flammable wastes. Such interceptors shall not be required for domestic users.

#### Construction:

All traps, interceptors and separators shall be constructed of impervious materials capable of withstanding abrupt and extreme changes in temperature. New or upgraded grease device shall have a three-lid manhole, properly sized per Table 1003.3.4.1. Traps, interceptors and separators shall be watertight, and equipped with easily removable covers. Covers shall be gastight and watertight.

#### Cleaning and Maintenance:

Cleaning and maintenance must be performed when total volume of captured oil, grease and solids material displaces more than twenty-five (25) percent of the total volume of the trap, interceptor or separator or when the pH of a sample taken from the effluent side of the interceptor drops below 5.0 or when odor generation becomes a health issue or when the Company inspection determines a cleaning is necessary.

#### Maintenance Records:

All traps, interceptors and separators shall be maintained by the user in efficient operating condition at all times. Written records and documentation of all cleaning, repair, calibration, and maintenance shall be maintained at the facility for a minimum of three (3) years and be made available upon request.

#### Maintenance Inspection:

All traps, interceptors and separators shall be inspected by BMSC representative during normal working hours. Inspection results shall be made available to person, firm or corporation in reasonable charge of the traps, interceptors and separators. BMSC representative shall require correction in order to enforce BMSC pretreatment code of practices.



**Skimming:**

Skimming, decanting or discharging of removed waste or wastewater back into any traps, interceptors and separators or any appurtenance of the wastewater collection system is strictly prohibited.

**Pumping:**

All oil, sand and grease interceptors shall be pumped out or cleaned out completely not less than once every ninety (90) calendar days. Grease traps must be cleaned out completely not less than once every thirty (30) calendar days. Traps and interceptors shall be cleaned more frequently when necessary or required.

**Bacteria as a Substitute:**

The use of bacteria additives as a supplement to maintenance may be authorized by BMSC when a written request is made to the BMSC which includes material safety data sheets. The addition of emulsifiers, de-emulsifiers, surface active agents, enzymes, or degreasers directly or into any drain leading to any grease removal device is strictly prohibited unless approved by the BMSC.

**Use:**

Traps, interceptors and separators shall be single user only. When an interceptor can be safely used by multiple user (e.g. food courts), multiple users may be allowed when approved by BMSC. Multiple facilities operated by the same person, firm or corporation may be allowed to connect to a single interceptor when approval from BMSC. The person, firm or corporation in reasonable charge of the trap, interceptor or separator shall take any and all steps necessary to assure adequacy which includes repair, modification or replacement.

**Alternate Devices and Technology:**

Alternative devices and technologies shall be submitted to BMSC for approval before any such device is installed. The service facility will be required to furnish analytical data demonstrating the effluent discharge concentration to BMSC wastewater collection system will not exceed those listed in BMSC-CP-01-001.

**Sizing:**

All traps, interceptors and separators shall be properly sized per Table 1. When an interceptor is sized less than five hundred (500) gallons or more than two thousand five hundred (2,500) gallons, the person, firm or corporation making the permit application shall first meet with the BMSC to verify the reduced or increased size has been correctly calculated and that no other options are available.



**Size Modification:**

Modifying the size of any trap or interceptor shall only be done when sizing per Table 1 allows the modification. Modifying the size of any trap or interceptor shall not be done without the approval of BMSC.

**Domestic Wastewater:**

Domestic wastewater shall not be discharged to the interceptor.

**Minimization Plan:**

All facilities required to install and operate a trap; interceptor or separator shall develop and implement a Waste Minimization Plan pertaining to the disposal of grease, oils, and food bearing wastes.

**Best Management:**

All establishments requiring a trap, interceptor or separator shall adopt BMP's (Best Management Practices) for handling sources of floatable oils, fat or grease originating within their facility. Proof of employee training in BMP's shall be shown to BMSC upon request.

**Wastewater Temperature:**

Discharge of wastewater with temperatures in excess of one hundred forty (140) degrees F. or pH of less than 5.0 to any grease control device, including grease traps and grease interceptors, is prohibited.

**Other Fixtures:**

Toilets, urinals, and other similar fixtures shall not discharge through a grease interceptor.

**Minimization Program:**

The applicant shall establish and submit a written waste minimization plan (maintenance program) outlining specific methods (Best Management Practices) the facility will use on a daily basis to reduce the discharge of oil and grease as well as solids from entering the interception device and ultimately, the BMSC sewer system. This plan shall be acceptable to and approved by the BMSC. The approved document shall accompany the permit application.

**Discharge Permit:**

This document will be used in lieu of a discharge permit to assist with enforcing all BMSC codes of practices.



**Grease interceptors and automatic grease removal devices required:**

A grease interceptor or automatic grease removal device shall be required to receive the drainage from fixtures and equipment with grease-laden waste located in food preparation areas, such as in restaurants, hotel kitchens, hospitals, school kitchens, bars, factory cafeterias, caterers, nursing homes, day care center, churches and clubs. Fixtures and equipment shall include pot sinks, pre-rinse sinks; soup kettles or similar devices; work stations; floor drains or sinks into which kettles are drained; automatic hood wash units and dishwashers without pre-rinse sinks. Grease interceptors and automatic grease removal devices shall receive waste only from fixtures and equipment that allow fats, oils or grease to be discharged. Interceptors, such as grease, oil or sand shall be provided at laundries, restaurants, service stations, auto repair shops, carwashes and other industrial users when the proper handling of wastewater containing oil and grease or sand or any flammable wastes is necessary.

**Location:**

All Interceptors shall be approved and shall be located to be readily and easily accessible for cleaning and inspection.

**Food waste grinder:**

Where food waste grinders connect to grease interceptors, a solids interceptor shall separate the discharge before connecting to the grease interceptor. Solids interceptors and grease interceptors shall be sized and rated for the discharge of the food waste grinder. Emulsifiers, chemicals, enzymes and bacteria shall not discharge into the food waste grinder. BMSC shall require any user to cease operation of a garbage grinder and permanently remove such equipment when it is determined that the grinder is imposing any adverse effect on interceptor function.

**Grease interceptor capacity:**

Grease interceptors shall have the grease retention capacity indicated in Table 1 for the flow-through rates indicated. BMSC shall make determinations of interceptor adequacy and need, based on review of all relevant information regarding interceptor performance, facility site and building plan review and to require repairs to, modifications, or replacement of such traps.



# Black Mountain Sewer Practice Code

TABLE 1

## CAPACITY OF GREASE INTERCEPTORS - EPA-2 Model

A. Determine maximum drainage flow from fixtures:

TABLE INSET:

Type of Fixture	Total Fixtures		Flow Rate		Amount
Restaurant kitchen sink	_____	X	15 gpm	=	_____
Single compartment sink	_____	X	20 gpm	=	_____
Double compartment sink	_____	X	25 gpm	=	_____
2, single compartment sinks	_____	X	25 gpm	=	_____
2, double compartment sinks	_____	X	35 gpm	=	_____
Triple sink 1.5 inch drain	_____	X	35 gpm	=	_____
Triple sink 2 inch drain	_____	X	35 gpm	=	_____
30 gallon dishwasher	_____	X	15 gpm	=	_____
50 gallon dishwasher	_____	X	25 gpm	=	_____
50--100 gallon dishwasher	_____	X	40 gpm	=	_____
B. Total	Divided by number of fixtures			=	gpm
(per kitchen)					

## C. Loading Factors

TABLE INSET:

Restaurant type	Fast food-paper delivery	=	.50
	Low volume	=	.50
	Medium volume	=	.75
	High Volume	=	1.0

D. B X C = sub total

E. Total X 60 minutes = maximum flow for one (1) hour

F. Times two (2) hours retention time (based on restaurant volume) = volume of trap in



gallons = \_\_\_\_\_

**Access and maintenance of interceptors and separators:**

Complete access shall be provided to each interceptor and separator for service, maintenance and inspection of the inner chamber(s) and viewing and sampling of effluent wastewater discharged to the sewer. Interceptors and separators shall be maintained by periodic removal of accumulated grease, scum, oil, or other floating substances and solids deposited in the interceptor or separator.

**Periodic Inspection:**

All traps, inceptors and separators shall be subject to periodic inspections by BMSC during normal operating hours. These inspections can be based on an annual inspection or when a complaint is registered with BMSC regarding a grease-removal device. Should the inspection of any trap, interceptor or separator indicate a violation of any item in (1) thru (3) below, the person, firm or corporation in reasonable charge shall bring the device into compliance within the timeframe noted on the notice of violation, but not longer than fourteen (14) calendar days.

- (1) If twenty-five (25) percent of the interceptor is full; both surface (oil and grease) and bottom (solids).
- (2) When OSHA (Occupational, Safety and Health Administration) atmospheric levels of Hydrogen Sulfide limits have been exceeded - "Short Term Exposure Limit" (STEL) of fifteen (15) ppm over a fifteen-minute time-weighted average. When the "Immediately Dangerous to Life and Health" (IDLH) level is 100 ppm or above, immediate action shall be performed to return the level of Hydrogen Sulfide to safe and acceptable limits. If the violation cannot be immediately resolved, all use of the Trap, Interceptor or Separator shall cease until compliance is obtained.
- (3) When pH in the effluent chamber falls below 5.0 - which is an unhealthy anaerobic interceptor condition.

**Maintenance:**

Any trap, interceptor or separator not adequately maintained to prevent floatable oils, fat or grease from entering the sewerage system or produce excessive odors shall be in violation of BMSC codes of practice.

**Clearing Obstructions:**

BMSC shall take appropriate action to clear any obstruction of the BMSC sewer that causes a sewer overflow. When the obstruction is found to be caused by an over-burdened or non-maintained trap, interceptor or separator, the person, firm or corporation in reasonable charge of the trap, interceptor or separator reimbursement of BMSC costs associated with clean-up efforts including any fines leveled against BMSC. Any establishments that continuously violates BMSC code of practice shall be subject to having sewer service discontinued.



**Contain and/or Clean Up:**

Should BMSC find it necessary to contain and/or clean up a private sanitary sewer overflow caused by blockage of private or public sewer lateral or system, all associated cost shall be the responsibility of the person, firm or corporation in reasonable charge of the property.

**Repairs or Replacements:**

When repairs or replacements are necessary to a trap, interceptor or separator, all repairs or replacements shall be completed within the time frame stated on the notice to comply. BMSC may authorize a time extension, not to exceed thirty (30) days, for justifiable cause.

**Grease Removal:**

The person, firm or corporation in reasonable charge shall remove and dispose of grease at a facility permitted to receive and process such waste. Cleaning frequencies shall be dependent on the amount of oil, grease or solids generated at each operation, the size of the grease trap or interceptor, and the approved written waste minimization program, but not to exceed thirty-day intervals for traps and ninety-day intervals for interceptors. Traps and interceptors shall be cleaned by a licensed contractor.

**Interference, Operation and Odors:**

Any facility whose effluent discharge into the sewerage system causes interference in the conveyance system, operation of the sewerage system, or emits excessive odors shall be required to sample the discharge from the trap, interceptor or separator and have it analyzed for oil and grease and sulfides, total and dissolved. Results of the analysis shall be immediately reported. BMSC may sample the grease interception device at any time, utilizing BMSC representatives. The person, firm or corporation in reasonable charge shall be responsible for any and all associated cost of such testing or sampling.

**IV. RECORD KEEPING AND RETENTION**

An operator of a food services operation must keep a record at the food services operation of all grease interceptor inspection and maintenance activities including:

- (a) the date of inspection or maintenance;
- (b) the maintenance conducted;
- (c) the type and quantity of material removed from the grease interceptor; and
- (d) the location of disposal of the material removed from the grease interceptor.

The records shall be retained for a period of three years, and shall be available on request by a company representative.



Black Mountain Sewer Practice Code

Black Mountain Sewer Company

CODE OF PRACTICE (BMSC-CP-01-005)

**SECTION 5 - PHOTOGRAPHIC IMAGING OPERATIONS**

**I. APPLICATION**

This code of practice for photographic imaging operations defines mandatory requirements for managing non-domestic waste discharged directly or indirectly into a sewer connected to a sewage facility.

This code of practice applies to photographic imaging operations. Definitions are included in BMSC-CP-01-DEF.

**II. DISCHARGE REGULATIONS**

An operator of a photographic imaging operation must not discharge waste which, at the point of discharge into a sewer, contains:

- (a) silver in a concentration that is in excess of 1.2 milligrams per liter (mg/L) as analyzed in a grab sample; or,
- (b) prohibited waste, restricted waste, special waste, storm water, or uncontaminated water as defined in BMSC-CP-01-DEF, other than the following restricted wastes: BOD, and COD.

An operator of a photographic imaging operation that produces liquid waste containing silver must either:

- (a) collect and transport the waste from the photographic imaging operation for off-site waste management; or
- (b) treat the waste at the photographic imaging operation site prior to discharge to the sewer using one of the following silver recovery technologies:
  - (i) two chemical recovery cartridges connected in a series;
  - (ii) an electrolytic recovery unit followed by two chemical recovery cartridges connected in series; or
  - (iii) any other silver recovery technology, or combination of technologies, capable of reducing the concentration of silver in the waste to 1.2 mg/L or less where valid analytical test data has been submitted to, and accepted by, the BMSC wastewater group.

An operator of a photographic imaging operation must install and maintain silver recovery technology according to the manufacturer's or supplier's recommendations.



## Black Mountain Sewer Practice Code

An operator of a photographic imaging operation must collect all liquid waste containing silver in a holding tank and must deliver this waste to the chemical recovery cartridges using a metering pump.

An operator of a photographic imaging operation must calibrate the metering pump at least once per year.

### Spill/Leak Prevention

An operator of a photographic imaging operation must locate the silver recovery system in such a manner that an accidental spill, leak or container failure will not result in liquid waste containing silver in concentrations greater than 1.2 mg/L entering any sewer.

If a location referred to above is not available, an operator of a photographic imaging operation must do one of the following:

- (a) install spill containment to contain spills or leaks from the silver recovery system; or
- (b) cap all floor drains into which liquid spilled from the silver recovery system would normally flow.

### Testing

When using two separate chemical recovery cartridges, an operator of a photographic imaging operation must test the discharge from the first cartridge for silver content at least once per month using either silver test paper or a portable silver test kit.

When the discharge from the first chemical recovery cartridge referred to above cannot be sampled, an operator of a photographic imaging operation must:

- (a) install a cumulative flow meter on the silver recovery system; and
- (b) test the discharge from the second chemical recovery cartridge once per week using silver test paper or a silver test kit.

### Cartridge Replacement

An operator of a photographic imaging operation must replace the chemical recovery cartridges when any one of the following occurs:

- (a) the manufacturer's or supplier's recommended expiry date, as shown on each cartridge, has been reached;
- (b) eighty percent (80%) of the manufacturer's or supplier's maximum recommended capacity, or total cumulative flow, for each cartridge has been reached;
- (c) test data, using silver test paper or a silver test kit, indicates that the discharge from the first cartridge is greater than 1000 mg/L; or
- (d) analytical data using a method of analysis outlined in standard methods, or an alternative method of analysis approved by the manager, having a method detection limit of 0.5 mg/L silver or lower, indicates that the concentration of silver in the discharge from the silver recovery system is greater than, or equal to, 1.2 mg/L.



Black Mountain Sewer Practice Code

Approved: \_\_\_\_\_

Responsible Agent: Operations



### III. RECORD KEEPING AND RETENTION

An operator of a photographic imaging operation that uses a silver recovery system must keep, at the photographic imaging operation site, an operation and maintenance manual pertaining to all equipment used in the silver recovery system.

An operator of a photographic imaging operation that uses two chemical recovery cartridges connected in series must keep a record book at the photographic imaging operation site which includes the following information recorded for the previous two years:

- (a) serial number of each chemical recovery cartridge used;
- (b) installation date of each chemical recovery cartridge used;
- (c) expiry date of each chemical recovery cartridge used (where provided by manufacturers or suppliers);
- (d) maximum recommended capacity, or total cumulative flow, of each chemical recovery cartridge used;
- (e) dates of all metering pump calibrations;
- (f) monthly silver test results on the discharge from the first chemical recovery cartridge; or where the discharge from the first cartridge cannot be sampled, weekly silver test results on the discharge from the second chemical recovery cartridge and weekly cumulative flows through the silver recovery system; and
- (g) dates and descriptions of all operational problems associated with the chemical recovery cartridges and remedial actions taken.

<sup>1</sup> If treatment of liquid waste with two chemical recovery cartridges connected in series is the only silver recovery technology being used, then the owner of the photographic imaging operation must replace both chemical recovery cartridges when one of the events referred to occurs.

If treatment of liquid waste with two chemical recovery cartridges connected in series is used following treatment by an electrolytic recovery unit, the second cartridge may replace the used first cartridge and a new second cartridge may be installed when one of the events referred to occurs.

Both chemical recovery cartridges used following an electrolytic recovery unit must be replaced by the operator of the photographic imaging operation when one of the events referred to above occurs if this is recommended by the manufacturer or supplier of the cartridges.

An operator of a photographic imaging operation that uses an electrolytic recovery unit in addition to two chemical recovery cartridges connected in series must keep a record book at the photographic imaging operation site which includes the following information recorded for the previous two years:

- (a) all information specified above;
- (b) date of each removal of silver from the electrolytic recovery unit;
- (c) date of each maintenance check on the electrolytic recovery unit;
- (d) dates and descriptions of all operational problems associated with the electrolytic recovery unit and remedial actions taken.



Black Mountain Sewer Company

CODE OF PRACTICE (BMSC-CP-01-006)

**SECTION 6 - RV PARK OPERATIONS**

**I. APPLICATION**

This code of practice for RV park operations defines the requirements for managing waste discharged directly or indirectly into a sewer connected to a sewage facility from RVs, mobile homes, trailers, watercraft and other sources which employ storage, chemical disinfection/stabilization and discharge as a waste disposal mechanism.

This code of practice applies to all RV park operations. Definitions are included in BMSC-CP-01-DEF.

**II. DISCHARGE REGULATIONS**

An operator of an RV park operation must not discharge waste, which at the point of discharge into a sewer, contains:

1. oil and grease in a concentration that is in excess of 100 milligrams per liter as analyzed in a grab sample;
2. suspended solids in a concentration that is in excess of 350 milligrams per liter as analyzed in a grab sample;
3. 5-day biochemical oxygen demand (BOD<sub>5</sub>) in a concentration that is in excess of 350 milligrams per liter in a grab sample;
4. prohibited waste, restricted waste, special waste, storm water, or uncontaminated water.

If the RV park operation accepts RV customers with the intention of providing sewerage hook-ups, that practice is only acceptable if one of the following conditions is met:

1. If the RV park operation has a dedicated pre-treatment facility, that facility must be used for the disposal of the first discharge of wastewater from any entering RVs. The facility must be maintained as per manufacturer's or engineer's operating instructions. Discharge from that facility which is directed to a sewer connected to a sewerage facility shall be metered such that large slugs of waste are not introduced to the sewer instantaneously. Discharges from such facilities to sewers are limited to 10% of the ADWF (in USGPM) experienced in the sewer.
2. In the absence of a dedicated pre-treatment facility, the RV park operation shall require incoming RVs to certify that, prior to connection to a sewer, that the holding tanks of the RV have been discharged at an approved facility.



Black Mountain Sewer Practice Code

Approved: \_\_\_\_\_

Responsible Agent: Operations



### III. RECORD KEEPING AND RETENTION

An operator of an RV park operation must keep a record at the RV park operation of:

1. all disposals of RV waste into a dedicated pre-treatment facility;
2. Pre-treatment facility inspection and maintenance activities including:
  - a. the date of inspection or maintenance;
  - b. the maintenance conducted; and
  - c. the type and quantity of material removed from the facility;
3. Certifications of waste disposal prior to hook up of RVs to sewer services.

The records shall be retained for a period of two years, and shall be available on request by BMSC representative.



Black Mountain Sewer Practice Code

Black Mountain Sewer Company.

CODE OF PRACTICE (BMSC-CP-01-007)

**SECTION 7 – PRETREATMENT/INDUSTRIAL WASTE CONTROL**

**I APPLICATION**

This Section is adopted by the Company in accordance with the authority conferred in the Clean Water Act, and any regulations implementing the Clean Water Act, including, but not limited to, 40 CFR 403.8, applicable Arizona Revised Statutes, including but not limited to 49 A.R.S. 2, applicable Arizona Administrative Code, including but not limited to 18 A.A.C. 9 and 18 A.A.C. 11, and with all the powers thereof which are specifically granted to the Company, or are necessary or incidental to or implied from power specifically granted therein for carrying out the objectives and purposes of the Company and this Section.

**II. COMPLIANCE**

The Pretreatment/Industrial Waste Control Program is designed to enable the Company to comply with all conditions of any applicable Aquifer Protection Permit (APP), Federal Pretreatment Regulations, Arizona Pretreatment Regulations, and any applicable sludge disposal regulations, and to meet the following objectives:

(a) To prevent the introduction of pollutants into the Company's Facilities which will interfere with the operation of the wastewater systems or contaminate the sludge.

(b) To prevent the introduction of pollutants into the wastewater system which will pass through the wastewater system, inadequately treated, into the receiving waters or the atmosphere.

(c) To prevent the introduction of pollutants into the wastewater system which might constitute a hazard to humans or to animals.

(d) To assure the Company's ability to recycle and reclaim wastewater and sludge.

(e) To protect human health and welfare, the environment, property and the Company's wastewater system.



**II. DISCHARGE REGULATIONS****A. General Discharge Limitations**

No customer shall contribute or cause to be contributed, directly or indirectly, any pollutant or wastewater which will interfere with the operation or performance of the Company's wastewater system. These general prohibitions apply to all customers of the Company whether or not the customer is subject to National Categorical Pretreatment Standards or any other national, State, Company, or local pretreatment standards or requirements.

**B. Specific Discharge Limitations**

No User shall discharge into the Company wastewater system or into any connected sewer system at any time or over any period of time, wastewater containing any of the following materials and substances in excess of the limitations provided herein. These limitations may also be imposed directly on process wastewaters prior to dilution by domestic and other wastewaters discharged by a customer:

	Contaminant	Limit in mg/L
1.	Arsenic	0.13
2.	Cadmium	0.047
3.	Cyanide	2.0
4.	Copper	1.5
5.	Lead	0.41
6.	Mercury	0.0023
7.	Molybdenum	Reserved
8.	Nickel	Reserved
9.	Selenium	0.10
10.	Silver	1.2
11.	Zinc	3.5



## Black Mountain Sewer Practice Code

Once promulgated, National Categorical Pretreatment Standards for a particular industrial subcategory, if more stringent, shall supersede all conflicting discharge limitations contained in this Section 7, as they apply to that industrial subcategory.

State requirements and limitations on discharges shall apply in any case where they are more stringent than federal requirements and limitations or those contained elsewhere in this Code.

### C. Prohibited Discharges

None of the following described sewage, water, substances, materials, or wastes shall be discharged into the Company's wastewater system or into the sewer system by any customer, and each governing body of any applicable Service Provider shall prohibit and shall prevent such discharges by any BMSC customer, either directly or indirectly, into its sewer system:

(a) Any liquids, solids or gases which by reason of their nature or quantity are, or may be, sufficient either alone or by interaction with other substances to cause fire or explosion or be injurious in any other way to the Company's wastewater system, the sewer system of a Service Provider or any of its connectors, or to the operation of the Company. At no time shall any reading on an explosion hazard meter, at the point of discharge into the Company's wastewater system or the sewer system of a Service Provider or any of its customers (or at any point in the wastewater systems), or at any monitoring location designated by the Company in a wastewater contribution permit, be more than ten percent (10%) of the Lower Explosive Limit (LEL) of the meter. Prohibited materials include, but are not limited to, gasoline, kerosene, naphtha, benzene, toluene, xylene, ethers, alcohols, ketones, aldehydes, peroxides, chlorates, perchlorates, tetrachloroethylene, perchloroethylene, bromates, carbides, hydrides, and sulfides.

(b) Any solid or viscous material which could cause an obstruction to flow in the sewers or in any way could interfere with the treatment process, including as examples of such materials but without limiting the generality of the foregoing, significant proportions of ashes, wax, paraffin, cinders, sand, mud, straw, shavings, metal, glass, rags, lint, feathers, tars, plastics, wood and sawdust, paunch manure, hair and fleshings, entrails, lime slurries, beer and distillery slops, grain processing wastes, grinding compounds, acetylene generation sludge, chemical residues, acid residues, food processing bulk solids, snow, ice, and all other solid objects, material, refuse, and debris not normally contained in sanitary sewage.

(c) Any wastewater having a pH less than 5.0 for discharges from Industrial Customers into the Company's wastewater system or the sewer system of a Service Provider or that of any of its Customers, or less than 5.0 or greater than 10.5 for other discharges into the Company's wastewater system, or wastewater having any other corrosive property capable of causing damage or hazard to any part of the Company's wastewater system or the sewer system of a Service Provider or any of its Customers, or to personnel.



## Black Mountain Sewer Practice Code

(d) Any wastewater having a temperature which will inhibit biological activity at the Company's treatment plant, but in no case wastewater containing heat in such amounts that the temperature at the introduction into the Company's wastewater treatment exceeds 40°C (104°F).

(e) Any pollutants, including oxygen demanding pollutants (BOD, COD, etc.) released at a flow rate and/or pollutant concentration which cause Upset. In no case shall a slug load have a flow rate or contain concentrations or qualities of pollutants that exceed for any time period longer than fifteen (15) minutes more than five (5) times the average twenty-four (24) hour concentration, quantities, or flow during normal operation.

(f) Any water or wastes containing a toxic substance (such as Chlorine, etc.) in sufficient quantity, either singly or by interaction with other substances, to injure or interfere with any sewage treatment process, to constitute a hazard to humans or to animals, or to create any hazard or toxic effect in the waters which receive the treated or untreated sewage.

(g) Petroleum oil, non-biodegradable cutting oil, or products of mineral oil origin, each in amounts that will cause interference.

(h) Pollutants which result in the presence of toxic gases, vapors, or fumes within the system in a quantity that may cause acute worker health and safety problems.

(i) Any trucked or hauled pollutants except at discharge points designated by the Company.

(j) Any water or wastes containing pollutant quantities or concentrations exceeding the limitations in Section 7 of this Code of Practice, or the limitations in any applicable Categorical Standards.

### III. HAZARDOUS WASTE DISCHARGE NOTICE

Any customer disposing of industrial waste shall notify the Company, the EPA Regional Waste Management Division Director, and the state hazardous waste authorities in writing of any discharge into the Company's wastewater system of any substance which, if otherwise disposed of, would be considered a hazardous waste under 40 CFR Part 261. The specific information required to be reported and the time frames in which it is to be reported are found at 40 CFR §403.12(p).



#### IV. REPORTING REQUIREMENTS FOR SIGNIFICANT INDUSTRIAL USERS

[RESERVED]

#### V. MONITORING BMSC FACILITIES

The Company may require to be provided and operated, at the customer's own expense, monitoring facilities to allow inspection, sampling, and flow measurement of any discharges as necessary to determine compliance with the provisions of this Code.

There shall be ample room in or near such sampling manhole or facility to allow accurate sampling and preparation of samples for analysis. The facility, sampling, and measuring equipment shall be maintained at all times in a safe and proper operating condition at the expense of the customer.

The sampling and monitoring facilities shall be provided in accordance with the Company's requirements and all applicable local construction standards and specifications. Construction shall be completed within such a time frame as the Company shall specify by written notification.

Black Mountain Sewer Company.

#### CODE OF PRACTICE (BMSC-CP-01-008)

### SECTION 8 – NONCOMPLIANCE / ENFORCEMENT

#### I. NOTICE OF VIOLATIONS

Whenever the Company determines that any customer has violated or is violating any provision of this Code, or any directives, orders, or permits issued or approved to which the Company is bound, the Company may serve upon such customer a written notice ("Notice") stating the nature of the violations(s) in accordance with A.A.C. R14-2-609.C, and requiring that the customer correct the violation(s) within a specified period of time; perform such tasks as the Company determines are necessary for the customer to correct the violations; or perform such tasks and submit such information as is necessary for the Company to evaluate the extent of noncompliance or to determine appropriate enforcement actions to be taken in conjunction with the applicable regulatory agencies. A copy of the Notice shall also be provided to the Director of the Utilities Division of the Arizona Corporation Commission.

#### II. SUSPENSION OF SERVICE

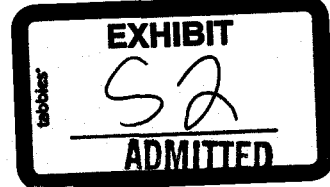
If the customer does not cure the violation, or present a satisfactory plan of remediation to Company, within the time specified in the Notice, then Company may suspend or disconnect wastewater treatment service in accordance with A.A.C. R14-2-609.C.



In addition, the Company may suspend wastewater treatment service, in accordance with A.A.C. R14-2-609.B (without notice), when such suspension is necessary, in the opinion of the Company, in order to stop an actual or threatened discharge which presents or may present an imminent or substantial endangerment to the health or welfare of persons, to the environment, or causes the Company to violate any condition of its aquifer protection permit.

Any customer notified of an immediate suspension of the wastewater treatment service shall immediately stop or eliminate the discharge. In the event of a failure of the customer to comply voluntarily with the cease and desist request, the Company shall take such steps as deemed necessary, including immediate severance of the sewer connection, to prevent or minimize damage to the company's wastewater system or endangerment to any individuals or the environment. Any action that results in the immediate suspension of service, or disconnection, of a customer shall be reported to the Director of the Utilities Division of the Arizona Corporation Commission Maricopa County Environmental Services Department (MCESD) within twenty-four (24) hours of the suspension or disconnection. Any reconnection of the affected customer shall be in accordance with the Company's Tariff for which the customer must pay the cost of disconnection and reconnection, plus the cost of parts and installation of an Elder valve (or similar equipment) to allow for easier disconnection in the event of a repeated discharge offense by customer.





BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES  
Chairman

GARY PIERCE  
Commissioner

PAUL NEWMAN  
Commissioner

SANDRA D. KENNEDY  
Commissioner

BOB STUMP  
Commissioner

IN THE MATTER OF THE APPLICATION OF )  
BLACK MOUNTAIN SEWER CORPORATION )  
FOR A DETERINATION OF THE FAIR )  
VALUE OF ITS UTILITY PLANT AND )  
PROPERTY AND FOR INCREASES IN IT'S )  
RATES AND CHARGES FOR UTILITY )  
SERVICE BASED THEREON )  
\_\_\_\_\_ )

DOCKET NO. SW-02361A-08-0609

SURREBUTTAL TESTIMONY

OF

DOROTHY HAINS

UTILITIES ENGINEER

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

NOVEMBER 9, 2009



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Black Mountain Sewer Corporation Contract #960058 Letter .....	Exhibit 2



1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Dorothy Hains. My business address is 1200 West Washington Street,  
4 Phoenix, Arizona 85007.

5  
6 **Q. Are you the same Dorothy Hains who has previously filed testimony in the Black  
7 Mountain Sewer Corporation ("Company") rate proceeding?**

8 A. Yes.

9  
10 **Q. What is the purpose of your Surrebuttal Testimony?**

11 A. In my Surrebuttal Testimony I will respond to two issues raised in the Company's  
12 Rebuttal Testimony (1) the Company claims that Staff changed its position and now  
13 supports the Company's original request for a wastewater off-site facilities hookup fee  
14 tariff; and (2) the Company pointed out two errors in Staff's water testing expense  
15 adjustments and that the City of Scottsdale had suggested the Company increase its annual  
16 total suspended solids ("TSS") tests and other parameter tests in City correspondence  
17 dated September 29, 2009.

18  
19 **II. OFF-SITE HOOKUP FEE TARIFF**

20 **Q. Has Staff changed its position on this tariff?**

21 A. No. Staff recommends that the Company's proposal to implement such a tariff be denied  
22 Staffs review of the Company's proposed tariff was based on (1) 270 additional customers  
23 to be served by the Company within next five years; (2) using 315 gallons per day  
24 ("GPD")/customer<sup>1</sup> to determine increased waste water flow within next five years, Staff  
25 estimated that the Company would need an additional 80,050 GPD of treatment capacity;  
26 (3) all 80,050 GPD will be treated by City Scottsdale wastewater treatment system

---

<sup>1</sup> 315 GPD/customer is the maximum daily flow during the test year.



1 ("CSWWTS"); (4) the Company purchased 400,000 GPD from CSWWTS, but the  
2 Company only delivered 393,000 GPD to CSWWTS for treatment during the Test Year  
3 and (5) CSWWTS agrees to treat 1,000,000 GPD wastewater for the Company, and the  
4 Company will pay \$6/GPD to CSWWTS based on Contract No. 960058.

5  
6 Staff estimated that the Company will purchase an additional 78,050 GPD with a cost of  
7 \$468,300 to serve 270 new customers. The Off-site Hookup Fee Tariff of \$1,734 per 4-  
8 inch service lateral equivalent would be appropriate. In case, the Commission disagrees  
9 with Staff and wishes to approve an offsite facilities hookup fee tariff for the Company.  
10 Staff has calculated the above figure and attached a tariff for Commission consideration.  
11 (See Exhibit 1.)

12  
13 **III. ANNUAL WATER TESTING COST ADJUSTMENTS**

14 **Q. The Company pointed out two errors in Tables 5 and 6 in Staff's Engineering**  
15 **Report. Please respond.**

16 **A.** Staff agrees with the Company that these two errors should be corrected. Therefore  
17 Tables 5 and 6 in Staff's Engineering Report should be replaced with the following  
18 corrected Tables.

19  
20 **Table 5 Wastewater Testing Cost per Permit Monitoring Requirement**  
21 **(Boulders WWTP – APP # P11175)**  
22

	Cost per test	No. of tests per year	Annual Cost
Fecal Coliform – daily	\$15	365	\$5,475
Total Nitrogen (effluent) - monthly	\$52	12	\$624
Fluoride (effluent) - quarterly	\$16	4	\$64
Cyanide (effluent) –	\$56	4	\$224



quarterly			
Antimony (effluent) – quarterly	\$16.80	4	\$67
Arsenic (effluent) – quarterly	\$16.80	4	\$67
Volatile Organic Compound's (effluent) – Semi-annually	\$625	2	\$1,250
Enteric Virus - monthly	\$460	12	\$5,520
Turbidity - daily	\$0*	365	\$0
Barium (effluent) – quarterly	\$10	4	\$40
Beryllium (effluent) – quarterly	\$10	4	\$40
Cadmium (effluent) – quarterly	\$15	4	\$60
Chromium (effluent) – quarterly	\$10	4	\$40
Lead (effluent) – quarterly	\$15	4	\$60
Mercury (effluent) – quarterly	\$32	4	\$128
Nickel (effluent) – quarterly	\$10	4	\$40
Selenium (effluent) – quarterly	\$15	4	\$60
Thallium (effluent) – quarterly	\$15	4	\$60
ICP digestion	\$16	1	\$16
ICP-MS digestion	\$15	1	\$15
Total			\$13,850

Note: The Company uses on-site auto turbidity meter to measure this parameter. \*

1  
2  
3



**Table 6 Wastewater Testing Cost per Service Agreement Monitoring Requirement**  
**(City of Scottsdale – Agreement #960058)**

	Cost per test	No. of tests per year	Annual Cost
BOD <sub>5</sub> - 7 samples/quarterly	\$36	28	\$1,008
TSS - 7 samples/quarterly	\$13	28	\$364
Total			<b>\$1,372</b>

**Q. What water quality testing expense(s) does Staff now recommend be used for purposes of this rate case?**

**A. Staff recommends a water testing expense of \$15,222 be used instead of the \$14,362 previously recommended.**

**Q. In the Company's Rebuttal, the Company stated that it needed an additional \$13,360 based on the September 29, 2009 letter from the City (see Exhibit 2). Does Staff agree with the Company? Please explain.**

**A. No. The City only suggested that the Company monitor additional parameters and increase the monitoring frequencies in its September 29, 2009 letter. The City did not say that the suggested monitoring requirements would replace the monitoring requirements in Contract No. 960058 ("Contract"), which requires the Company to only monitor and report the levels of BOD<sub>5</sub> and TSS in the wastewater flow to the City on a quarterly basis. The City may request additional monitoring parameters and sampling frequencies after the Contract expires in 2016 or if the Company discharges over 1,000,000 GPD to the City WWTS. Based on the Company 2008 Master Plan, Staff does not believe that the wastewater flow will exceed 1,000,000 GPD prior to 2027. Therefore, Staff concludes that no additional testing costs for wastewater that discharges to the City WWTS will apply until the current contract expires in 2016.**



1 'Q. Does this conclude your Surrebuttal Testimony?

2 A. Yes, it does.



## **Exhibit 1**



# TARIFF SCHEDULE

UTILITY: Black Mountain Sewer Corporation  
DOCKET NO.: SW-02361A-080609

DECISION NO. \_\_\_\_\_  
EFFECTIVE DATE: \_\_\_\_\_

## OFF-SITE FACILITIES HOOK-UP FEE (WASTEWATER)

### I. Purpose and Applicability

The purpose of the off-site facilities hook-up fees payable to Black Mountain Sewer Corporation ("the Company") pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities to provide wastewater treatment plant facilities among all new service laterals. These charges are applicable to all new service laterals established after the effective date of this tariff. The charges are one-time charges and are payable as a condition to Company's establishment of service, as more particularly provided below.

### II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-601 of the Arizona Corporation Commission's ("Commission") rules and regulations governing sewer utilities shall apply interpreting this tariff schedule.

"Applicant" means any party entering into an agreement with Company for the installation of wastewater facilities to serve new service laterals, and may include Developers and/or Builder of new residential subdivisions.

"Company" means Black Mountain Sewer Corporation.

"Collection Main Extension Agreement" means any agreement whereby an Applicant, Developer and/or Builder agrees to advance the costs of the installation of wastewater facilities to the Company to serve new service laterals, or install wastewater facilities to serve new service laterals and transfer ownership of such wastewater facilities to the Company, which agreement does not require the approval of the Commission pursuant to A.A.C. R-14-2-606, and shall have the same meaning as "Wastewater Facilities Agreement".

"Off-site Facilities" means the wastewater treatment plant, sludge disposal facilities, effluent disposal facilities and related appurtenances necessary for proper operation, including engineering and design costs. Offsite facilities may also include lift stations, transportation mains and related appurtenances necessary for proper operation if these facilities are not for the exclusive use of the applicant and benefit the entire wastewater system.

"Service Lateral" means and includes all service laterals for single-family residential or other uses.



### III. Off-Site Facilities Hook-up Fee

For each new service lateral, the Company shall collect an off-site facilities hook-up fee as listed in the following table:

TREATMENT PLANT HOOK-UP FEE TARIFF TABLE		
Service Lateral Size	Factor	Fee
4-inch	1	\$1,734
6-inch	2.25	\$3,901
8-inch	4	\$6,936
10-inch	6.25	\$10,837

### IV. Terms and Conditions

(A) Assessment of One Time Off-Site Facilities Hook-up Fee: The off-site facilities hook-up fee may be assessed only once per parcel, service lateral, or lot within a subdivision (similar to a service lateral installation charge).

(B) Use of Off-Site Facilities Hook-up Fee: Off-site facilities hook-up fees may only be used to pay for capital items of off-site facilities, or for repayment of loans obtained for installation of off-site facilities. Off-site hook-up fees shall not be used for repairs, maintenance, closing treatment plant, lift stations or other operational purposes.

(C) Time of Payment:

(1) In the event that the person or entity that will be constructing improvements ("Applicant", "Developer" or "Builder") is otherwise required to enter into a Collection Main Extension Agreement, payment of the fees required hereunder shall be made by the Applicant, Developer or Builder when operational acceptance is issued for the on-site wastewater facilities constructed to serve the improvement.

(2) In the event that the Applicant, Developer or Builder for service is not required to enter into a Collection Main Extension Agreement, the charges hereunder shall be due and payable at the time wastewater service is requested for the property.

(D) Off-Site Facilities Construction by Developer: Company and Applicant, Developer, or Builder may agree to construction of off-site facilities necessary to serve a particular development by Applicant, Developer or Builder, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site hook-up fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is less than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall pay the remaining amount of off-site hook-up fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant, Developer or Builder and conveyed to Company is more than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall be refunded the difference upon acceptance of the off-site facilities by the Company.



(E) Failure to Pay Charges; Delinquent Payments: The Company will not be obligated to provide wastewater service to any Developer, Builder or other applicant for service in the event that the Developer, Builder or other applicant for service has not paid in full all charges hereunder. Under no circumstances will the Company connect service or otherwise allow service to be established if the entire amount of any payment has not been paid.

(F) Off-Site Hook-Up Fees Non-refundable: The amounts collected by the Company pursuant to the off-site facilities hook-up fee tariff shall be non-refundable contributions in aid of construction.

(G) Use of Off-Site Hook-Up Fees Received: All funds collected by the Company as off-site facilities hook-up fees shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for the costs of off-site facilities, including repayment of loans obtained for the installation of off-site facilities.

(H) Off-Site Facilities Hook-up Fee in Addition to On-site Facilities: The off-site facilities hook-up fee shall be in addition to any costs associated with the construction of on-site facilities under a Collection Main Extension Agreement.

(I) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site facilities hook-up fees, or if the off-site facilities hook-up fee has been terminated by order of the Arizona Corporation Commission, any funds remaining in the trust shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

(J) Status Reporting Requirements to the Commission: The Company shall submit a calendar year Off-Site Facilities Hook-Up Fee status report each January 31<sup>st</sup> to Docket Control for the prior twelve (12) month period, beginning January 31, 2011, until the hook-up fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the hook-up fee tariff, the amount each has paid, the amount of money spent from the account, the amount of interest earned on the tariff account, and a list of all facilities that have been installed with the tariff funds during the 12 month period.



**Exhibit 2**





Water Campus

8787 E. Hualapai Dr.  
P.O. Box 25089  
Scottsdale, AZ 85255

September 29, 2009

Charlie A. Hernandez, Regional Operations Manager  
Liberty Water  
12725 W. Indian School Road Suite D101  
Avondale, AZ 85392

**Re: Black Mountain Sewer Corporation Contract #960058  
Sampling Requirements**

Black Mountain Sewer Corporation (BMSC) has provided the City of Scottsdale with BOD, TSS and Oil & Grease sampling results. Adequate facilities to enable proper collection of samples are present at the sampling site, the point of discharge to the City of Scottsdale. The SOP provided for sample collection do not appear to meet the sample collection methods approved by Scottsdale Revised Code Sec. 49-91 or 40 CFR 403.12(g)(3) and (4).

The current contract does not specifically state the parameters required for compliance. BOD and TSS analysis is required to compute the non-uniform large volume discharge user charges required by Scottsdale Revised Code Sec. 49-141g(2). These samples require 24-hour flow proportional sampling rather than grab sampling to obtain representative results.

I suggest BMSC mirror the sampling schedule requirements the City of Scottsdale follows for its discharge to the City of Phoenix. I have attached with this letter a summary of the parameters and frequency required. Conformance to required sampling protocols for the collection of these samples is mandatory.

I would like to observe BMSC's sample collection early within the 4<sup>th</sup> Quarter of this year. Please let me know if Liberty Water cannot commit to this request.

Please feel free to contact me regarding any questions you have.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Hurd", is written over a horizontal line.

Bill Hurd, Pretreatment Coordinator  
WATER QUALITY DIVISION  
8787 East Hualapai Drive PO Box 25089  
Scottsdale, AZ 85255-0176

CC: Richard Sack, Water Resources Engineer  
Carie Wilson, Water Quality Regulatory Compliance Manager



Draft Sampling Requirements

Parameter (1)	Daily Maximum	Monthly Average	Instant. Effluent Limit	Sampling Method	Minimum Sampling Frequency
Ammonia as N	N/A	N/A	N/A	Composite	7 per Quarter
Arsenic	0.13	N/A	N/A	Composite	4 per Quarter
Beryllium	N/A	N/A	N/A	Composite	4 per Quarter
BOD	N/A	N/A	N/A	Composite	7 per Quarter
Boron	N/A	N/A	N/A	Composite	4 per Quarter
Cadmium	0.047	N/A	N/A	Composite	4 per Quarter
Chromium	N/A	N/A	N/A	Composite	4 per Quarter
COD	N/A	N/A	N/A	Composite	7 per Month
Copper	1.5	N/A	N/A	Composite	4 per Quarter
Cyanide	2.0	N/A	N/A	Grab	4 per Quarter
Flow (gallons per day) (2)	400,000 GPD	N/A	N/A	Measured	Daily
Fluoride	N/A	N/A	N/A	Composite	4 per Quarter
Lead	0.41	N/A	N/A	Composite	4 per Quarter
Mercury	0.0023	N/A	N/A	Composite	4 per Quarter
Molybdenum	N/A	N/A	N/A	Composite	4 per Quarter
Nickel	N/A	N/A	N/A	Composite	4 per Quarter
Nitrate-N	N/A	N/A	N/A	Composite	7 per Quarter
Nitrite-N	N/A	N/A	N/A	Composite	7 per Quarter
Selenium	0.10	N/A	N/A	Composite	4 per Quarter
Silver	1.2	N/A	N/A	Composite	4 per Quarter
TKN	N/A	N/A	N/A	Composite	7 per Quarter
TDS	N/A	N/A	N/A	Composite	7 per Month
TSS	N/A	N/A	N/A	Composite	7 per Month
Zinc	3.5	N/A	N/A	Composite	4 per Quarter
Temperature	N/A	N/A	150°F / 60°C	Grab	7 per Month
pH (standard units) (3)	N/A	N/A	5.0-10.5	Grab	7 per Month
GC/MS by EPA Methods 624, 625 & 608 Total Toxic Organics (TTO) (4)	N/A	N/A	N/A	Grab/Comps	Semi-Annual
Benzene	N/A	N/A	0.035	Grab	Semi-Annual
Chloroform	N/A	N/A	2.000	Grab	Semi-Annual
4, 4' - DDE	Prohibited	N/A	N/A	Composite	Semi-Annual
4, 4' - DDT	Prohibited	N/A	N/A	Composite	Semi-Annual
Aldrin	Prohibited	N/A	N/A	Composite	Semi-Annual
BHC - Alpha	Prohibited	N/A	N/A	Composite	Semi-Annual
BHC - Beta	Prohibited	N/A	N/A	Composite	Semi-Annual
BHC - Gamma (Lindane)	Prohibited	N/A	N/A	Composite	Semi-Annual
Heptachlor	Prohibited	N/A	N/A	Composite	Semi-Annual
Heptachlor Epoxide	Prohibited	N/A	N/A	Composite	Semi-Annual
Polychlorinated Biphenyl Compounds (PCB's)	Prohibited	N/A	N/A	Composite	Semi-Annual

Notes:

- (1) Unless otherwise noted, all discharge limits are in mg/L and in total form.
- (2) Flow shall be limited to the purchased capacity acquired and shall be monitored with electronic secondary flow measurement equipment calibrated at least annually by the Permittee. The measurement data shall be electronically communicated to the City via telemetry equipment.
- (3) pH is a field parameter that must be analyzed on site, immediately upon collection, and in accordance with 40 CFR §136.
- (4) Total Toxic Organics (TTO) compounds to be monitored and reported are specified in Attachment A. Total Toxic Organics is the summation of all quantifiable values greater than .01 milligrams per liter for the compounds specified in Attachment A, and any detectable concentration of any of the compounds specified in SRC Sec. 49-166 (12). See Section I. E of this Permit below for further details.





BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES

Chairman

GARY PIERCE

Commissioner

SANDRA D. KENNEDY

Commissioner

PAUL NEWMAN

Commissioner

BOB STUMP

Commissioner

IN THE MATTER OF THE APPLICATION OF )  
BLACK MOUNTAIN SEWER CORPORATION, )  
AN ARIZONA CORPORATION, FOR A )  
DETERMINATION OF THE FAIR VALUE OF )  
ITS UTILITY PLANT AND PROPERTY AND )  
FOR INCREASES IN ITS RATES AND )  
CHARGES FOR UTILITY SERVICE BASED )  
THEREON )

DOCKET NO. SW-02361A-08-0609

DIRECT

TESTIMONY

OF

JUAN C. MANRIQUE

PUBLIC UTILITIES ANALYST I

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

SEPTEMBER 21, 2009



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**EXECUTIVE SUMMARY  
BLACK MOUNTAIN SEWER CORPORATION  
DOCKET NO. SW-02361A-08-0609**

The Direct Testimony of Staff witness Juan C. Manrique addresses the following issues:

Capital Structure – Staff recommends that the Commission adopt a capital structure for Black Mountain Sewer Corporation (“Applicant”) for this proceeding consisting of 0.0 percent debt and 100.0 percent equity. Although the Applicant has debt in the form of capital leases, the Commission has directed (Decision Nos. 59944) recovery of the lease costs as operating expense.

Cost of Equity – Staff recommends that the Commission adopt a 9.6 percent return on equity (“ROE”) for the Applicant. Staff’s estimated ROE for the Applicant is based on cost of equity estimates for the sample companies ranging from 9.8 percent for the capital asset pricing model (“CAPM”) to 10.7 percent for the discounted cash flow method (“DCF”). Staff’s ROE recommendation includes a 0.7 percent downward adjustment to reflect a lower financial risk in the Applicant’s capital structure compared to that of the sample companies.

Overall Rate of Return – Staff recommends that the Commission adopt an overall rate of return (“ROR”) of 9.6 percent, i.e. the ROE, since the recommended capital structure includes no debt.

Mr. Bourassa’s Testimony – The Commission should reject the Company-proposed 12.8 percent ROE for the following reasons:

Mr. Bourassa’s DCF estimates rely exclusively on analysts’ forecasts. In addition Mr. Bourassa’s DCF constant-growth analysis does not include dividend growth.



1 **I. INTRODUCTION**

2 **Q. Please state your name, occupation, and business address.**

3 A. My name is Juan C. Manrique. I am a Public Utilities Analyst employed by the Arizona  
4 Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff").  
5 My business address is 1200 West Washington Street, Phoenix, Arizona 85007.  
6

7 **Q. Briefly describe your responsibilities as a Public Utilities Analyst.**

8 A. In my position as a Public Utilities Analyst, I perform studies to estimate the cost of  
9 capital component in rate filings to determine the overall revenue requirement and analyze  
10 requests for financing authorizations.  
11

12 **Q. Please describe your educational background and professional experience.**

13 A. I graduated from Arizona State University and received a Bachelor of Science degree in  
14 Finance. My course of studies included courses in corporate and international finance,  
15 investments, accounting, statistics, and economics. I began employment as a Staff Public  
16 Utilities Analyst in October 2008. My professional experience includes two years as a  
17 Loan Officer with a homebuilder and as an Associate for an Investor Relations firm.  
18

19 **Q. What is the scope of your testimony in this case?**

20 A. My testimony provides Staff's recommended capital structure, return on equity ("ROE")  
21 and overall rate of return ("ROR") for establishing the revenue requirement for Black  
22 Mountain Sewer Corporation ("Black Mountain" or "Applicant").  
23

24 **Q. Please provide a brief description of Black Mountain and its relation to affiliates.**

25 A. Black Mountain is a Subchapter "C" corporation. Black Mountain is owned by Algonquin  
26 Water Resources of America, Inc. ("AWRA"). AWRA is an indirect wholly owned



1 subsidiary of Algonquin Power Income Fund which is publicly traded on the Toronto  
2 Stock Exchange. Black Mountain is a sister company to other public service corporations  
3 regulated by the Commission including: Bella Vista Water Company, Litchfield Park  
4 Service Company, Northern Sunrise Water Company, Southern Sunrise Water Company  
5 and Gold Canyon Sewer Company.

6  
7 *Summary of Testimony and Recommendations*

8 **Q. Briefly summarize how Staff's cost of capital testimony is organized.**

9 A. Staff's cost of capital testimony is presented in ten sections. Section I is this introduction.  
10 Section II discusses the concept of weighted average cost of capital ("WACC"). Section  
11 III presents the concept of capital structure and presents Staff's recommended capital  
12 structure for Black Mountain in this proceeding. Section IV discusses the concepts of  
13 ROE and risk. Section V presents the methods employed by Staff to estimate Black  
14 Mountain's ROE. Section VI presents the findings of Staff's ROE analysis. Section VII  
15 presents Staff's final cost of equity estimates for Black Mountain. Section VIII presents  
16 Staff's ROR recommendation. Section IX presents Staff's comments on the Direct  
17 Testimony of the Applicant's witness, Mr. Thomas J. Bourassa. Finally, Section X  
18 presents the conclusions.

19  
20 **Q. Have you prepared any exhibits to accompany your testimony?**

21 A. Yes. I prepared eight schedules (JCM-1 to JCM-8) that support Staff's cost of capital  
22 analysis.

23  
24 **Q. What is Staff's recommended rate of return for Black Mountain?**

25 A. Staff recommends a 9.6 percent overall ROR as shown in Schedule JCM-1. Staff's ROR  
26 recommendation is based on cost of equity estimates for Black Mountain that range from



1 10.7 percent using the capital asset pricing model ("CAPM") to 9.8 percent using the  
2 discounted cash flow method ("DCF"). Staff's ROR recommendation reflects a 0.7  
3 percent downward adjustment to the estimated ROE to account for a lower financial risk  
4 in the Applicant's capital structure compared to that of the sample companies.  
5

6 *Black Mountain's Proposed Overall Rate of Return*

7 **Q. Briefly summarize Black Mountain's proposed capital structure, cost of debt, return**  
8 **on equity and overall rate of return for this proceeding.**

9 **A.** Table 1 summarizes the Applicant's proposed capital structure, cost of debt, return on  
10 equity and overall rate of return in this proceeding:  
11

12 **Table 1**

	<b>Weight</b>	<b>Cost</b>	<b>Weighted Cost</b>
Long-term Debt	0.0%	0.0%	0.0%
Common Equity	100.0%	12.8%	<u>12.8%</u>
<b>Cost of Capital/ROR</b>			<b>12.8%</b>

13  
14 Black Mountain is proposing an overall rate of return of 12.8 percent.  
15

16 **II. THE WEIGHTED AVERAGE COST OF CAPITAL**

17 **Q. Briefly explain the cost of capital concept.**

18 **A.** The cost of capital is the opportunity cost of choosing one investment over others with  
19 equivalent risk. In other words, the cost of capital is the return that stakeholders expect  
20 for investing their financial resources in a determined business venture over another  
21 business venture.  
22



1 Q. What is the overall cost of capital?

2 A. The cost of capital to a company issuing a variety of securities (i.e., stock and  
3 indebtedness) is an average of the cost rates on all issued securities adjusted to reflect the  
4 relative amounts for each security in the company's entire capital structure. Thus, the  
5 overall cost of capital is the WACC.

6  
7 Q. How is the WACC calculated?

8 A. The WACC is calculated by adding the weighted expected returns of a firm's securities.  
9 The WACC formula is:

10 Equation 1.

11  
12 
$$WACC = \sum_{i=1}^n W_i * r_i$$
  
13

14 In this equation,  $W_i$  is the weight given to the  $i^{th}$  security (the proportion of the  $i^{th}$  security  
15 relative to the portfolio) and  $r_i$  is the expected return on the  $i^{th}$  security.

16  
17 Q. Can you provide an example demonstrating application of Equation 1?

18 A. Yes. For this example, assume that an entity has a capital structure composed of 60  
19 percent debt and 40 percent equity. Also, assume that the embedded cost of debt is 6.0  
20 percent and the expected return on equity, i.e. the cost of equity, is 10.5 percent.  
21 Calculation of the WACC is as follows:

22 
$$WACC = (60\% * 6.0\%) + (40\% * 10.5\%)$$

23 
$$WACC = 3.60\% + 4.20\%$$

24 
$$WACC = 7.80\%$$
  
25



1 The weighted average cost of capital in this example is 7.80 percent. The entity in this  
2 example would need to earn an overall rate of return of 7.80 percent to cover its cost of  
3 capital.

4  
5 **III. CAPITAL STRUCTURE**

6 *Background*

7 **Q. Please explain the capital structure concept.**

8 A. The capital structure of a firm consists of the relative proportions of each type of security--  
9 short-term debt, long-term debt (including capital leases), preferred stock and common  
10 stock-- that are used to finance the firm's assets.

11  
12 **Q. How is the capital structure expressed?**

13 A. The capital structure of a company is expressed as the percentage of each component of  
14 the capital structure (capital leases, short-term debt, long-term debt, preferred stock and  
15 common stock) relative to the entire capital structure.

16  
17 As an example, the capital structure for an entity that is financed by \$20,000 of capital  
18 leases, \$85,000 of long-term debt, \$15,000 of preferred stock and \$40,000 of common  
19 stock is shown in Table 2.  
20



Table 2

Component			%
Capital Leases	\$20,000	(\$20,000/\$200,000)	10.0%
Long-Term Debt	\$85,000	(\$85,000/\$200,000)	42.5%
Preferred Stock	\$15,000	(\$15,000/\$200,000)	7.5%
Common Stock	\$80,000	(\$80,000/\$200,000)	40.0%
Total	\$200,000		100%

The capital structure in this example is composed of 0.0 percent short-term debt, 10.0 percent capital leases, 42.5 percent long-term debt, 7.5 percent preferred stock and 40.0 percent common stock.

*Black Mountain's Capital Structure*

**Q. What capital structure does Black Mountain propose?**

A. The Applicant proposes a capital structure composed of 0.0 percent debt and 100.0 percent common equity.

**Q. What is Staff's proposed capital structure for Black Mountain?**

A. Staff recommends a capital structure composed of 0.0 percent debt and 100.0 percent equity.

**Q. Is this Black Mountain's actual capital structure?**

A. No. The Company's actual capital structure is 21.6 percent debt and 78.4 percent equity. The Company has two operating leases that funded its Scottsdale treatment capacity which would normally be considered debt. However, Decision No. 59944, dated December 26, 1996, states that these leases shall be considered as lease expense, i.e., not as debt.



1 **Q. How does Black Mountain's capital structure compare to capital structures of**  
2 **publicly traded water utilities?**

3 A. The Applicant's capital structure is composed of 0.0 percent debt and 100.0 percent  
4 equity. Schedule JCM-4 shows the capital structures of six publicly traded water  
5 companies ("sample water companies") as of July 2009. The average capital structure for  
6 the sample water utilities is comprised of approximately 50.2 percent debt and 49.8  
7 percent equity.

8  
9 **Q. Do you have additional comments on Black Mountain's capital structure?**

10 A. Yes. Black Mountain has two inter-company loans. However, Commission Decision No.  
11 59944 specifies that the debt service cost for these loans is to be treated as an operating  
12 expense. Therefore, Staff did not include these loans in the Applicant's capital structure.  
13 However, regardless of how these loans are treated for rate-making purposes, the loans do  
14 exist and present financial risk in the minds of investors. Accordingly, Staff recognized  
15 the real financial risk presented by these loans in calculating an ROE estimate, as  
16 discussed in Section VII of this testimony.

17  
18 **IV. RETURN ON EQUITY**

19 *Background*

20 **Q. Please define the term "cost of equity capital".**

21 A. The cost of equity is the rate of return that investors expect to earn on their investment in a  
22 business entity given its risk. In other words, the cost of equity to the entity is the  
23 investors' expected rate of return on other investments of similar risk. As investors have a  
24 wide selection of stocks to choose from, they will choose stocks with similar risks but  
25 higher returns. Therefore, the market determines the entity's cost of equity.



1 **Q. Is there a correlation between interest rates and the cost of equity?**

2 A. Yes. The cost of equity tends to move in the same direction as interest rates. This  
3 relationship is part of the CAPM formula. The CAPM is a market based model employed  
4 by Staff for estimating the cost of equity. The CAPM is further discussed in Section V of  
5 this testimony.

6  
7 **Q. What has been the general trend of interest rates in recent years?**

8 A. A chronological chart of interest rates is a good tool to show interest rate history and  
9 identify trends. Chart 1 graphs intermediate U.S. treasury rates from September 1999 to  
10 September 2009.

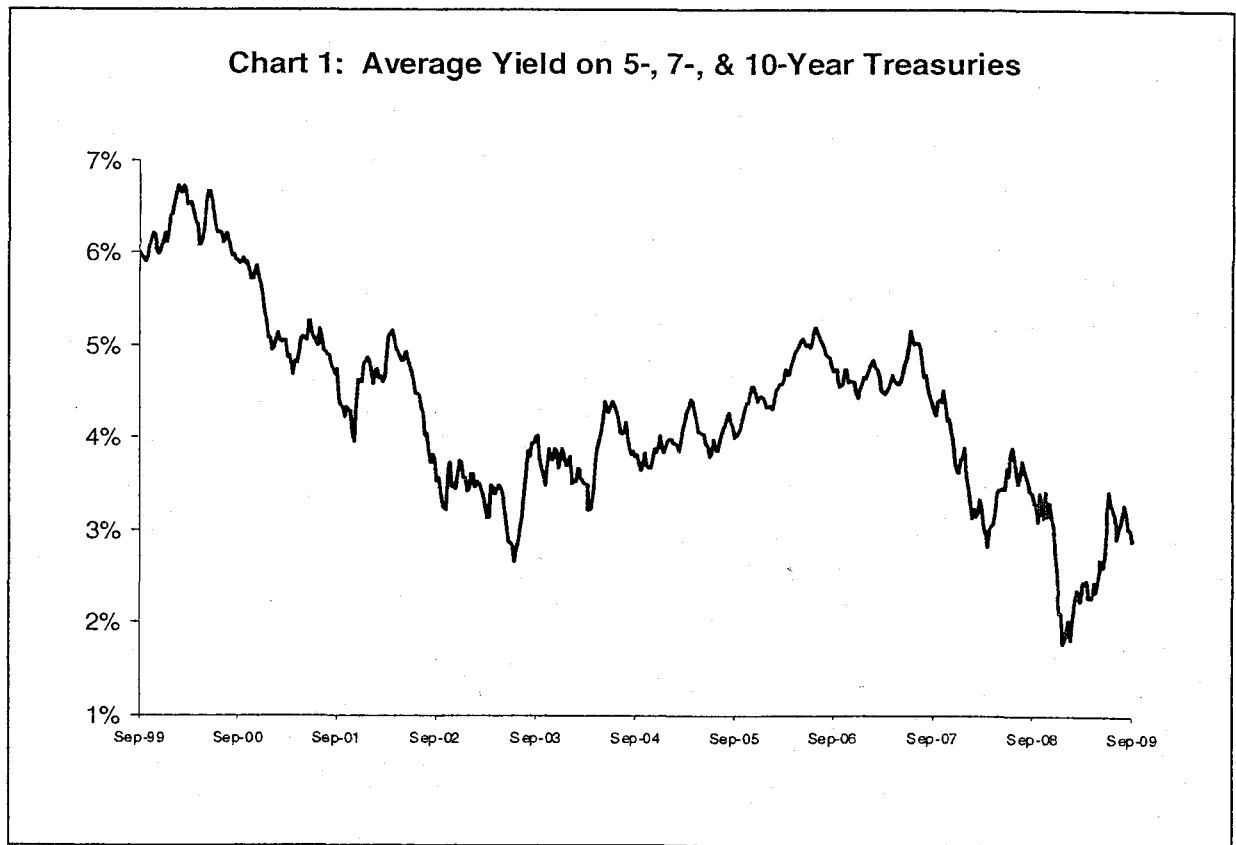
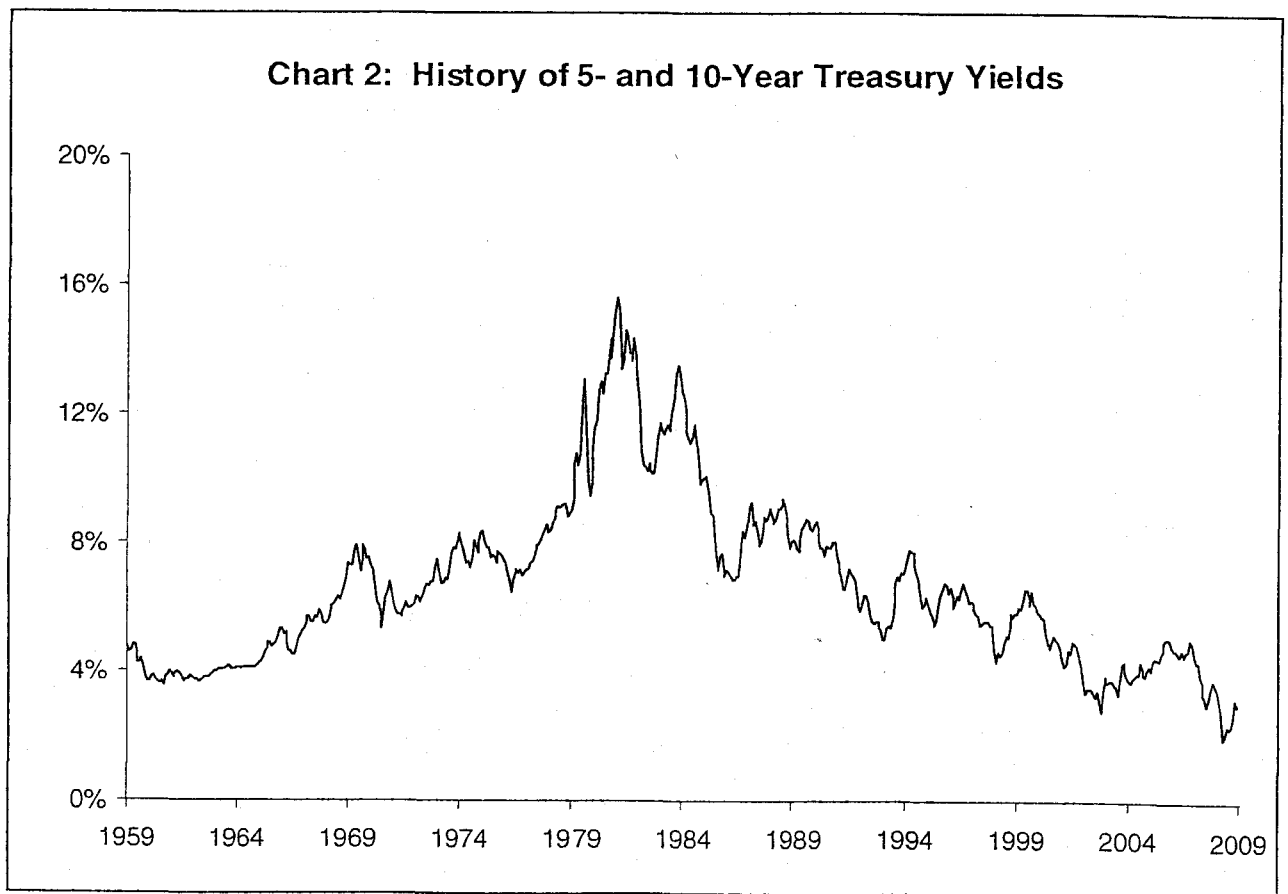




Chart 1 shows that intermediate interest rates trended downward from 2000 to mid-2003, then turned slightly upward until mid-2007, and have trended downward in the past two years.

**Q. What has been the general trend in interest rates longer term?**

**A.** U.S. Treasury rates from 1959 to present are shown in Chart 2. The chart shows that interest rates trended upward through the mid-1980s and have trended downward over the last 25 years.





1 **Q. Do these trends suggest anything in terms of cost of equity?**

2 A. Yes. As previously demonstrated, interest rates and cost of equity tend to move in the  
3 same direction; therefore, cost of equity has declined in the past 25 years.  
4

5 **Q. Do actual returns represent the cost of equity?**

6 A. No. The cost of equity represents investors' *expected* returns and not realized returns.  
7

8 **Q. Is there any information available that leads to an understanding of the relationship**  
9 **between the equity returns required for a regulated water utility and those required**  
10 **in the market as a whole?**

11 A. Yes. A comparison of betas, a component of the CAPM discussed in Section V, for the  
12 water utility industry and the market provide insight into this relationship. The average  
13 beta (0.82)<sup>1</sup> for a water utility is lower than the theoretical average beta for all stocks (1.0).  
14 According to the CAPM formula, the cost of equity capital moves in the same direction as  
15 beta. Since the beta for the water utility industry is lower than the beta for the market, the  
16 implication is that the required return on equity for a regulated water utility is below the  
17 average required return on the market.  
18

19 *Risk*

20 **Q. Please define risk in relation to cost of capital.**

21 A. Risk, as it relates to an investment, is the variability or uncertainty of the returns on a  
22 particular security. Investors are risk averse and require a greater potential return to invest  
23 in relatively greater risk opportunities, i.e., investors require compensation for taking on  
24 additional risk. Risk is generally separated into two components. Those components are  
25 market risk (systematic risk) and non-market risk (diversifiable risk or firm-specific risk).

---

<sup>1</sup> See Schedule JCM-6



1   **Q.    What is market risk?**

2    A.    Market risk or systematic risk is the risk of an investment that cannot be reduced through  
3           diversification. Market risk stems from factors that affect all securities such as recessions,  
4           war, inflation and high interest rates. Since these factors affect the entire market they  
5           cannot be eliminated through diversification. Market risk does not impact each security to  
6           the same degree. The degree to which any security's returns is affected by the market can  
7           be measured using Beta. Beta reflects the business risk and the financial risk of a security.

8  
9   **Q.    Please define business risk.**

10   A.    Business risk is the fluctuation of earnings inherent in a firm's operations and environment  
11           such as competition and adverse economic conditions that may impair its ability to  
12           provide returns on investment. Companies in the same or similar line of business tend to  
13           experience the same fluctuations in business cycles.

14  
15   **Q.    Please define financial risk.**

16   A.    Financial risk is the fluctuation of earnings inherent in the use of debt financing by a firm  
17           and which may impair its ability to provide adequate return. The more a company uses  
18           debt financing, the more the company becomes exposed to financial risk.

19  
20   **Q.    Do business risk and financial risk affect the cost of equity?**

21   A.    Yes.

22  
23   **Q.    Is a firm subject to any other risk?**

24   A.    Yes. Firms are also subject to unsystematic or firm-specific risk. Examples of  
25           unsystematic risk include losses caused by labor problems, nationalization of assets, loss



1 of a big client or weather conditions. Investors can eliminate firm-specific risk by holding  
2 a diverse portfolio; thus, such risk is not of concern to diversified investors.

3  
4 **Q. How does Black Mountain's financial risk compare to the sample water companies'**  
5 **financial risk from the perspective of an investor that recognizes as debt the two**  
6 **capital leases the Commission treats as operating expense for ratemaking proposes?**

7 A. From an investor's perspective, Black Mountain's capital structure is composed of  
8 approximately 21.6 percent debt and 78.4 percent equity. Schedule JCM-4 shows the  
9 capital structures of six publicly traded water companies ("sample water companies") as  
10 of July 2009, as well as Black Mountain's actual capital structure. As of July 2009, the  
11 sample water utilities were capitalized with approximately 50.2 percent debt and 49.8  
12 percent equity, while Black Mountain's actual capital structure consists of approximately  
13 21.6 percent debt and 78.4 percent equity. Thus, Black Mountain's shareholders bear less  
14 financial risk than the shareholders of the sample companies.

15  
16 **Q. Is firm-specific risk measured by beta?**

17 A. No. Firm-specific risk is not measured by beta.

18  
19 **Q. Is the cost of equity affected by firm-specific risk?**

20 A. No. Since firm-specific risk can be eliminated through diversification, it does not affect  
21 the cost of equity.

22  
23 **Q. Can investors expect additional returns for firm-specific risk?**

24 A. No. Investors who hold diversified portfolios can eliminate firm-specific risk, and  
25 consequently do not require any additional return. Since investors who choose to be less



1       than fully diversified must compete in the market with fully-diversified investors, the  
2       former cannot expect to be compensated for unique risk.

3  
4       **V.     ESTIMATING THE COST OF EQUITY**

5       *Introduction*

6       **Q.     Did Staff directly estimate the cost of equity for Black Mountain?**

7       A.     No. Since Black Mountain is not a publicly traded company, Staff is unable to directly  
8       estimate Black Mountain's cost of equity due to the unavailability of financial  
9       information. Instead, Staff uses an average of a representative sample group to reduce the  
10      sample error resulting from random fluctuations in the market at the time the information  
11      is gathered.

12  
13      **Q.     What companies did Staff select as proxies or comparables for Black Mountain?**

14      A.     Staff's sample consists of the following six publicly-traded water utilities: American  
15      States Water, California Water, Connecticut Water Services, Middlesex Water, Aqua  
16      America and SJW Corp. These companies were chosen because they are publicly traded  
17      and receive the majority of their earnings from regulated operations.

18  
19      **Q.     What models did Staff implement to estimate Black Mountain's cost of equity?**

20      A.     Staff used two market-based models to estimate the cost of equity for Black Mountain: the  
21      DCF model and the CAPM.

22  
23      **Q.     Please explain why Staff chose the DCF and CAPM models.**

24      A.     Staff chose to use the DCF and CAPM models because they are widely-recognized  
25      market-based models and have been used extensively to estimate the cost of equity. An  
26      explanation of the DCF and CAPM models follows.



1 *Discounted Cash Flow Model Analysis*

2 **Q. Please provide a brief summary of the theory upon which the DCF method of**  
3 **estimating the cost of equity is based.**

4 A. The DCF method of stock valuation is based on the theory that the value of an investment  
5 is equal to the sum of the future cash flows generated from the aforementioned investment  
6 discounted to the present time. This method uses expected dividends, market price and  
7 dividend growth rate to calculate the cost of capital. Professor Myron Gordon pioneered  
8 the DCF method in the 1960s. The DCF method has become widely used to estimate the  
9 cost of equity for public utilities due to its theoretical merit and its simplicity. Staff used  
10 the financial information for the relevant six sample companies in the DCF model and  
11 averaged the results to determine an estimated cost of capital for the sample companies.

12  
13 **Q. Does Staff use more than one version of the DCF Model?**

14 A. Yes. Staff uses two versions of the DCF model: the constant-growth DCF Model and the  
15 multi-stage or non-constant growth DCF. The constant-growth DCF Model assumes that  
16 an entity's dividends will grow indefinitely at the same rate. The multi-stage growth DCF  
17 model assumes the dividend growth rate will change at some point in the future.

18  
19 The Constant-Growth DCF

20 **Q. What is the mathematical formula used in Staff's constant-growth DCF analysis?**

21 A. The constant-growth DCF formula used in Staff's analysis is:  
22



Equation 2 :

$$K = \frac{D_1}{P_0} + g$$

where :      $K$      =   the cost of equity  
               $D_1$      =   the expected annual dividend  
               $P_0$      =   the current stock price  
               $g$        =   the expected infinite annual growth rate of dividends

Equation 2 assumes that the entity has a constant earnings retention rate and that its earnings are expected to grow at a constant rate. According to Equation 2, a stock with a current market price of \$10 per share, an expected annual dividend of \$0.45 per share and an expected dividend growth rate of 3.0 percent per year has a cost of equity to the entity of 7.5 percent, reflected by the sum of the dividend yield ( $\$0.45 / \$10 = 4.5$  percent) and the 3.0 percent annual dividend growth rate.

**Q. How did Staff calculate the dividend yield component ( $D_1/P_0$ ) of the constant-growth DCF formula?**

**A.** Staff calculated the yield component of the DCF formula by dividing the expected annual dividend<sup>2</sup> ( $D_1$ ) by the spot stock price ( $P_0$ ) after the close of the market August 26, 2009, as reported by *MSN Money*.

**Q. Why did Staff use the August 26, 2009, spot price rather than a historical average stock price to calculate the dividend yield component of the DCF formula?**

**A.** Current, rather than historic, market stock price is used in order to be consistent with finance theory, i.e., the efficient market hypothesis. The efficient market hypothesis asserts that the current stock price reflects all available information on a stock including

---

<sup>2</sup> Value Line Summary & Index. 08-26-09



1 investors' expectations of future returns. Use of a historical average of stock prices  
2 illogically discounts the most recent information in favor of less recent information. The  
3 latter is stale and is representative of underlying conditions that may have changed.  
4

5 **Q. How did Staff estimate the dividend growth (g) component of the constant-growth**  
6 **DCF model represented by Equation 2?**

7 A. The dividend growth component used by Staff is determined by the average of six  
8 different estimation methods as shown in Schedule JCM-8. Staff calculated historical and  
9 projected growth estimates on dividend-per-share ("DPS")<sup>3</sup>, earnings-per-share ("EPS")<sup>4</sup>  
10 and sustainable growth bases.  
11

12 **Q. Why did Staff examine EPS growth to estimate the dividend growth component of**  
13 **the constant-growth DCF model?**

14 A. Historic and projected EPS growth are used because dividends are related to earnings.  
15 Dividend distributions may exceed earnings in the short run, but cannot continue  
16 indefinitely. In the long term, dividend distributions are dependent on earnings.  
17

18 **Q. How did Staff estimate historical DPS growth?**

19 A. Staff estimated historical DPS growth by calculating the average rate of growth in DPS of  
20 the sample water companies from 1998 to 2008. The results of that calculation are shown  
21 in Schedule JCM-5. Staff calculated an average historical DPS growth rate of 3.1 percent  
22 for the sample water utilities for the aforementioned period.  
23

---

<sup>3</sup> Derived from information provided by *Value Line*

<sup>4</sup> Derived from information provided by *Value Line*



1 Q. How did Staff estimate the projected DPS growth?

2 A. Staff calculated an average of the projected DPS growth rates for the sample water utilities  
3 from *Value Line*. The average projected DPS growth rate is 4.3 percent, as shown in  
4 Schedule JCM-5.

5  
6 Q. How did Staff calculate the historical EPS growth rate?

7 A. Staff estimated historical EPS growth by calculating the average rate of growth in EPS of  
8 the sample water companies from 1998 to 2008. Staff calculated an average historical  
9 EPS growth rate of 3.4 percent for the sample water utilities for the aforementioned  
10 period, as shown in Schedule JCM-5.

11  
12 Q. How did Staff estimate the projected EPS growth?

13 A. Staff calculated an average of the projected EPS growth rates for the sample water utilities  
14 from *Value Line*. The average projected EPS growth rate is 9.7 percent, as shown in  
15 Schedule JCM-5.

16  
17 Q. How does Staff calculate its historical and projected sustainable growth rates?

18 A. Historical and projected sustainable growth rates are calculated by adding their respective  
19 retention growth rate terms (br) to their respective stock financing growth rate terms (vs),  
20 as shown in Schedule JCM-6.

21  
22 Q. What is retention growth?

23 A. Retention growth is the growth in dividends due to the retention of earnings. The  
24 retention growth concept is based on the theory that dividend growth cannot be achieved  
25 unless the company retains and reinvests some of its earnings. The retention growth is  
26 used in Staff's calculation of sustainable growth shown in Schedule JCM-6.



1 Q. What is the formula for the retention growth rate?

2 A. The retention growth rate is the product of the retention ratio and the book/accounting  
3 return on equity. The retention growth rate formula is:

4

Equation 3:

$$\text{Retention Growth Rate} = br$$

where:  $b$  = the retention ratio (1 – dividend payout ratio)  
 $r$  = the accounting/book return on common equity

5

6 Q. How did Staff calculate the average historical retention growth rate (br) for the  
7 sample water utilities?

8 A. Staff calculated the historical retention rates by averaging the retention rates for the  
9 sample water companies from 1999 to 2008. The historical average retention (br) growth  
10 for the sample water utilities is 3.0 percent, as shown in Schedule JCM-6.

11

12 Q. How did Staff determine projected retention growth rate (br) for the sample water  
13 utilities?

14 A. Staff used the retention growth projections for the sample water utilities for the period  
15 2012 to 2014 from *Value Line*. The projected average retention growth rate for the sample  
16 water utilities is 6.0 percent, as shown in Schedule JCM-6.

17

18 Q. When can retention growth provide a reasonable estimate of future dividend  
19 growth?

20 A. The retention growth rate is a reasonable estimate of future dividend growth when the  
21 retention ratio is reasonably constant and the entity's market price to book value ("market-  
22 to-book ratio") is expected to be 1.0. The average retention ratio has been reasonably



1 constant in recent years. However, the market-to-book ratio for the sample water utilities  
2 is 1.7, notably higher than 1.0, as shown in Schedule JCM-7.

3  
4 **Q. Is there any financial implication of a market-to-book ratio greater than 1.0?**

5 A. Yes. A market-to-book ratio greater than 1.0 implies that investors expect an entity to  
6 earn an accounting/book return on its equity that exceeds its cost of equity. The  
7 relationship between required returns and expected cash flows is readily observed in the  
8 fixed securities market. For example, assume an entity contemplating issuance of bonds  
9 with a face value of \$10 million at either 6 percent or 8 percent, and thus, paying annual  
10 interest of \$600,000 or \$800,000, respectively. Regardless of investors' required return on  
11 similar bonds, investors will be willing to pay more for the bonds if issued at 8 percent  
12 than if the bonds are issued at 6 percent. For example, if the current interest rate required  
13 by investors is 6 percent, then they would bid \$10 million for the 6 percent bonds and  
14 more than \$10 million for the 8 percent bonds. Similarly, if equity investors require a 9  
15 percent return and expect an entity to earn accounting/book returns of 13 percent, the  
16 market will bid up the price of the entity's stock to provide the required return of 9  
17 percent.

18  
19 **Q. How has Staff generally recognized a market-to-book ratio exceeding 1.0 in its cost of**  
20 **equity analyses in recent years?**

21 A. Staff has assumed that investors expect the market-to-book ratio to remain greater than  
22 1.0. Given that assumption, Staff has added a stock financing growth rate (vs) term to the  
23 retention ratio (br) term to calculate its historical and projected sustainable growth rates.

24



1 Q. Do the historical and projected sustainable growth rates Staff uses to develop its  
2 DCF cost of equity in this case continue to include a stock financing growth rate  
3 term?

4 A. Yes.

5  
6 Q. What is stock financing growth?

7 A. Stock financing growth is the growth in an entity's dividends due to the sale of stock by  
8 that entity. Stock financing growth is a concept derived by Myron Gordon and discussed  
9 in his book *The Cost of Capital to a Public Utility*.<sup>5</sup> Stock financing growth is the product  
10 of the fraction of the funds raised from the sale of stock that accrues to existing  
11 shareholders ( $v$ ) and the fraction resulting from dividing the funds raised from the sale of  
12 stock by the existing common equity( $s$ ).  
13

14 Q. What is the mathematical formula for the stock financing growth rate?

15 A. The mathematical formula for stock financing growth is:  
16

Equation 4 :

$$\text{Stock Financing Growth} = vs$$

where :  $v$  = Fraction of the funds raised from the sale of stock that accrues  
to existing shareholders  
 $s$  = Funds raised from the sale of stock as a fraction of the existing  
common equity

17  
18 Q. How is the variable  $v$  presented above calculated?

19 A. Variable  $v$  is calculated as follows:

---

<sup>5</sup> Gordon, Myron J. *The Cost of Capital to a Public Utility*. MSU Public Utilities Studies, Michigan, 1974. pp 31-35.



Equation 5:

$$v = 1 - \left( \frac{\text{book value}}{\text{market value}} \right)$$

For example, assume that a share of stock has a \$30 book value and is selling for \$45.

Then, to find the value of  $v$ , the formula is applied:

$$v = 1 - \left( \frac{30}{45} \right)$$

In this example,  $v$  is equal to 0.33.

**Q. How is the variable  $s$  presented above calculated?**

**A.** Variable  $s$  is calculated as follows:

Equation 6:

$$s = \frac{\text{Funds raised from the issuance of stock}}{\text{Total existing common equity before the issuance}}$$

For example, assume that an entity has \$150 in existing equity, and it sells \$30 of stock.

Then, to find the value of  $s$ , the formula is applied:

$$s = \left( \frac{30}{150} \right)$$

In this example,  $s$  is equal to 20.0 percent.

**Q. What is the  $vs$  term when the market-to-book ratio is equal to 1.0?**

**A.** A market-to-book ratio equal to 1.0 reflects that investors expect an entity to earn a book/accounting return on their equity investment equal to the cost of equity. When the



1 market-to-book ratio is equal to 1.0, none of the funds raised from the sale of stock by the  
2 entity accrues to the benefit of existing shareholders, i.e., the term  $v$  is equal to zero (0.0).  
3 Consequently, the  $vs$  term is also equal to zero (0.0). When stock financing growth is  
4 zero, dividend growth depends solely on the  $br$  term.  
5

6 **Q. What is the effect of the  $vs$  term when the market-to-book ratio is greater than 1.0?**

7 A. A market-to-book ratio greater than 1.0 reflects that investors expect an entity to earn a  
8 book/accounting return on their equity investment greater than the cost of equity.  
9 Equation 5 shows that when the market-to-book ratio is greater than 1.0 the  $v$  term is also  
10 greater than zero. The excess by which new shares are issued and sold over book value  
11 per share of outstanding stock is a contribution that accrues to existing stockholders in the  
12 form of a higher book value. The resulting higher book value leads to higher expected  
13 earnings and dividends. Continued growth from the  $vs$  term is dependent upon the  
14 continued issuance and sale of additional shares at a price that exceeds book value per  
15 share.  
16

17 **Q. What  $vs$  estimate did Staff calculate from its analysis of the sample water utilities?**

18 A. Staff estimated an average stock financing growth of 2.0 percent for the sample water  
19 utilities, as shown in Schedule JCM-6.  
20

21 **Q. What would occur if an entity had a market-to-book ratio greater than 1.0 as a result  
22 of investors expecting earnings to exceed the cost of equity capital and the entity  
23 subsequently experienced newly authorized rates equal to its cost of equity capital?**

24 A. Market pressure on the entity's stock price to reflect the change in future expected cash  
25 flows would cause the market-to-book ratio to move toward 1.0.  
26



1 Q. What would the impact be if the average market-to-book ratio of the sample water  
2 utilities fell to 1.0 due to authorized ROEs equaling the cost of equity?

3 A. In that case, Staff's inclusion of the *vs* term in the constant-growth DCF analysis would  
4 result in an overestimation of its sustainable dividend growth rate and the resulting DCF  
5 ROE estimate. Inclusion of the *vs* term assumes that the market-to-book ratio continues to  
6 exceed 1.0 and that the water utilities will continue to issue and sell stock at prices above  
7 book value with the effect of benefitting existing shareholders. If the market-to-book ratio  
8 declines to 1.0, the stock financing term is not necessary.

9  
10 Q. What are Staff's historical and projected sustainable growth rates?

11 A. Staff's estimated historical sustainable growth rate is 5.1 percent based on an analysis of  
12 earnings retention for the sample water companies. Staff's projected sustainable growth  
13 rate is 9.0 percent based on retention growth projected by *Value Line*. Schedule JCM-6  
14 presents Staff's estimates of the sustainable growth rate.

15  
16 Q. What is Staff's expected infinite annual growth rate in dividends?

17 A. Staff's expected infinite annual growth rate in dividends is 5.8 percent, which is the  
18 average of historical and projected DPS, EPS, and sustainable growth estimates. Staff's  
19 calculation of the expected infinite annual growth rate in dividends is shown in Schedule  
20 JCM-8.

21  
22 Q. What is Staff's constant-growth DCF estimate?

23 A. Staff's constant-growth DCF estimate is 9.4 percent as shown in Schedule JCM-3.  
24



*The Multi-Stage DCF*

**Q. Why did Staff implement the multi-stage DCF model to estimate Black Mountain's cost of equity?**

**A.** Staff generally uses the multi-stage DCF model to consider the assumption that dividends may not grow at a constant rate. The multi-stage DCF uses two stages of growth. The first stage is four years followed by the second constant growth stage.

**Q. What is the mathematical formula for the multi-stage DCF?**

**A.** The multi-stage DCF formula is shown in the following equation:

Equation 7:

$$P_0 = \sum_{t=1}^n \frac{D_t}{(1+K)^t} + \frac{D_n(1+g_n)}{K-g_n} \left[ \frac{1}{(1+K)} \right]^n$$

Where:  $P_0$  = current stock price  
 $D_t$  = dividends expected during stage 1  
 $K$  = cost of equity  
 $n$  = years of non-constant growth  
 $D_n$  = dividend expected in year n  
 $g_n$  = constant rate of growth expected after year n

**Q. What steps did Staff take to implement its multi-stage DCF cost of equity model?**

**A.** First, Staff projected future dividends for each of the sample water utilities using near-term and long-term growth rates. Second, Staff calculated the rate (cost of equity) which equates the present value of the forecasted dividends to the current stock price for each of the sample water utilities. Lastly, Staff calculated an average of the individual sample company cost of equity estimates.



1 **Q. How did Staff calculate near-term (stage-1) growth?**

2 A. The stage-1 growth rate is based on *Value Lines*' projected dividends for the next twelve  
3 months, when available, and on the average dividend growth rate (5.8 percent) calculated  
4 in Staff's constant DCF analysis for the remainder of the stage.

5  
6 **Q. How did Staff estimate long-term (stage-2) growth?**

7 A. Staff calculated the stage-2 growth rate using the arithmetic mean rate of growth in GDP  
8 from 1929 to 2008.<sup>6</sup> Using the GDP growth rate assumes that the water utility industry is  
9 expected to grow at the same rate as the overall economy.

10

11 **Q. What is the historical GDP growth rate that Staff used to estimate stage-2 growth?**

12 A. Staff used 6.7 percent to estimate the stage-2 growth rate.

13

14 **Q. What is Staff's multi-stage DCF estimate?**

15 A. Staff's multi-stage DCF estimate is 10.2 percent, as shown in Schedule JCM-3.

16

17 **Q. What is Staff's overall DCF estimate?**

18 A. Staff's overall DCF estimate is 9.8 percent. Staff calculated the overall DCF estimate by  
19 averaging the constant growth DCF (9.4%) and multi-stage DCF (10.2%) estimates, as  
20 shown in Schedule JCM-3.

21

22 *Capital Asset Pricing Model*

23 **Q. Please describe the CAPM.**

24 A. The CAPM is used to determine the prices of securities in a competitive market. The  
25 CAPM model describes the relationship between a security's investment risk and its

---

<sup>6</sup> www.bea.doc.gov



1 market rate of return. Under the CAPM an investor requires the expected return of a  
2 security to equal the rate on a risk-free security plus a risk premium. If the investor's  
3 expected return does not meet or beat the required return, the investment is not  
4 economically justified. The model also assumes that investors will sufficiently diversify  
5 their investments to eliminate any non-systematic or unique risk.<sup>7</sup> In 1990, Professors  
6 Harry Markowitz, William Sharpe, and Merton Miller earned the Nobel Prize in  
7 Economic Sciences for their contribution to the development of the CAPM.

8  
9 **Q. Did Staff use the same sample water utilities in its CAPM and DCF cost of equity**  
10 **estimation analyses?**

11 **A.** Yes. Staff's CAPM cost of equity estimation analysis uses the same sample water  
12 companies as its DCF cost of equity estimation analysis.

13  
14 **Q. What is the mathematical formula for the CAPM?**

15 **A.** The mathematical formula for the CAPM is:  
16

Equation 8:

$$K = R_f + \beta (R_m - R_f)$$

where:  $R_f$  = risk free rate  
 $R_m$  = return on market  
 $\beta$  = beta  
 $R_m - R_f$  = market risk premium  
 $K$  = expected return

17  

---

<sup>7</sup> The CAPM makes the following assumptions: 1) single holding period; 2) perfect and competitive securities market; 3) no transaction costs; 4) no restrictions on short selling or borrowing; 5) the existence of a risk-free rate; and 6) homogeneous expectations.



1 The equation shows that the expected return ( $K$ ) on a risky asset is equal to the risk-free  
2 interest rate ( $R_f$ ) plus the product of the market risk premium (" $R_p$ ") ( $R_m - R_f$ ) multiplied  
3 by beta ( $\beta$ ) where beta represents the riskiness of the investment relative to the market.  
4

5 **Q. What is the risk free rate?**

6 A. The risk free rate is the rate of return of an investment with zero risk.  
7

8 **Q. How does Staff estimate the risk-free rate of interest in its historical market risk**  
9 **premium CAPM method?**

10 A. Staff uses two calculations for estimates of the risk-free rate of interest. Staff uses the  
11 average of three (five-, seven-, and ten-year) intermediate-term U.S. Treasury securities'  
12 spot rates for its historical market risk premium CAPM cost of equity estimation, and the  
13 30-year U.S. Treasury bond spot rate for its current market risk premium CAPM cost of  
14 equity estimation. U.S. Treasuries are largely verifiable and readily available.  
15

16 **Q. What does beta measure?**

17 A. Beta measures the volatility, or systematic risk, of a security relative to the market. Since  
18 systematic risk cannot be diversified away, it is the only risk that is relevant when  
19 estimating a security's required return. Using a baseline market beta of 1.0, a security  
20 with a beta less than 1.0 will be less volatile than the market. A security with a beta  
21 greater than 1.0 will be more volatile than the market.  
22

23 **Q. How did Staff estimate Black Mountain's beta?**

24 A. Staff used the average of the *Value Line* betas for the sample water utilities as a proxy for  
25 Black Mountain's beta. Schedule JCM-7 shows the *Value Line* betas for each of the  
26 sample water utilities. The 0.82 average beta for the sample water utilities is Staff's



1 estimated beta for Black Mountain. A security with a 0.82 beta has less volatility than the  
2 market.

3  
4 **Q. Please describe expected market risk premium ( $R_m - R_f$ )?**

5 A. The expected market risk premium is the expected return on the market above the risk-free  
6 rate. Simplified, it is the return an investor expects as compensation for market risk.

7  
8 **Q. What did Staff use for the market risk premium?**

9 A. Staff uses two calculations for the market risk premium: 1) an historical market risk  
10 premium and 2) a current market risk premium.

11  
12 **Q. How did Staff calculate an estimate for the historical market risk premium?**

13 A. Staff uses the intermediate-term government bond income returns published in the  
14 Ibbotson Associates' *Stocks, Bonds, Bills, and Inflation 2008 Yearbook* to calculate the  
15 historical market risk premium. Ibbotson Associates calculates the historical risk  
16 premium by averaging the historical arithmetic differences between the S&P 500 and the  
17 intermediate-term government bond income returns for the period 1926-2008. Staff's  
18 historical market risk premium estimate is 6.9 percent, as shown in Schedule JCM-3.

19  
20 **Q. How did Staff calculate an estimate for the current market risk premium?**

21 A. Staff solves equation 8 above to arrive at a market risk premium using a DCF-derived  
22 expected return (K) of 14.67 ( $2.2 + 12.47^8$ ) percent using the expected dividend yield (2.2  
23 percent over the next twelve months) and the annual per share growth rate (12.47 percent)  
24 that *Value Line* projects for all dividend-paying stocks under its review<sup>9</sup> along with the

---

<sup>8</sup> The three to five year price appreciation is 60%.  $1.60^{0.25} - 1 = 12.47\%$

<sup>9</sup> September 4, 2009 issue date.



1 current long-term risk-free rate (30-year Treasury note at 4.20 percent) and the market's  
2 average beta of 1.0. Staff calculated the current market risk premium as 10.47.<sup>10</sup>

3  
4 **Q. How are the historical market risk premium and current market risk premium**  
5 **estimates used?**

6 A. Each is used to calculate a CAPM cost of equity estimate, i.e., Staff calculated an  
7 historical market risk premium CAPM cost of equity estimate and a current market risk  
8 premium CAPM cost of equity estimate.

9  
10 **Q. What is the result of Staff's historical market risk premium CAPM and current**  
11 **market risk premium cost of equity estimations?**

12 A. Staff's cost of equity estimates are 8.7 percent using the historical market risk premium  
13 CAPM and 12.7 using the current market risk premium CAPM.

14  
15 **Q. What is Staff's overall CAPM estimate?**

16 A. Staff's overall CAPM cost of equity estimate is 10.7 percent which is the average of the  
17 historical market risk premium CAPM (8.7 percent) and the current market risk premium  
18 CAPM (12.7 percent) estimates, as shown in Schedule JCM-3.

19  
20 **VI. SUMMARY OF STAFF'S COST OF EQUITY ANALYSIS**

21 **Q. What is the result of Staff's constant-growth DCF analysis to estimate the cost of**  
22 **equity to the sample water utilities?**

23 A. Schedule JCM-3 shows the result of Staff's constant-growth DCF analysis. The result of  
24 Staff's constant-growth DCF analysis is as follows:

25  

---

<sup>10</sup> 14.67% = 4.20% + (1) (10.47%)



1             $k = 3.6\% + 5.8\%$

3             $k = 9.4\%$

4            Staff's constant-growth DCF estimate of the cost of equity to the sample water utilities is  
5            9.4 percent.

7            **Q.    What is the result of Staff's multi-stage DCF analysis to estimate the cost of equity  
8            for the sample utilities?**

9            A.    Schedule JCM-9 shows the result of Staff's multi-stage DCF analysis. The result of  
10           Staff's multi-stage DCF analysis is:

Company	Equity Cost Estimate (k)
American States Water	9.6%
California Water	9.8%
Aqua America	9.9%
Connecticut Water	10.8%
Middlesex Water	11.4%
SJW Corp	<u>9.6%</u>
Average	10.2%

23           Staff's multi-stage DCF estimate of the cost of equity for the sample water utilities is 10.2  
24           percent.

26           **Q.    What is Staff's overall DCF estimate of the cost of equity for the sample utilities?**

27           A.    Staff's overall DCF estimate of the cost of equity for the sample utilities is 9.8 percent.  
28           Staff's overall DCF estimate was calculated by averaging Staff's constant growth DCF  
29           and Staff's multi-stage DCF estimates, as shown in Schedule JCM-3.



1 Q. What is the result of Staff's historical market risk premium CAPM analysis to  
2 estimate of the cost of equity for the sample utilities?

3 A. Schedule JCM-3 shows the result of Staff's CAPM analysis using the historical risk  
4 premium estimate. The result is as follows:

5  $k = 3.0\% + 0.82 * 6.9\%$

6  $k = 8.7\%$

7  
8 Staff's CAPM estimate (using the historical market risk premium) of the cost of equity to  
9 the sample water utilities is 8.7 percent.

10  
11 Q. What is the result of Staff's current market risk premium CAPM analysis to  
12 estimate the cost of equity for the sample utilities?

13 A. Schedule JCM-3 shows the result of Staff's CAPM Analysis using the current market risk  
14 premium estimate. The result is:

15  $k = 4.2\% + 0.82 * 10.5\%$

16  $k = 12.7\%$

17  
18 Staff's CAPM estimate (using the current market risk premium) of the cost of equity to the  
19 sample water utilities is 12.7 percent.

20  
21 Q. What is Staff's overall CAPM estimate of the cost of equity for the sample utilities?

22 A. Staff's overall CAPM estimate for the sample utilities is 10.7 percent. Staff's overall  
23 CAPM estimate is the average of the historical market risk premium CAPM (8.7 percent)  
24 and the current market risk premium CAPM (12.7 percent) estimates, as shown in  
25 Schedule JCM-3.

26



1 Q. Please summarize the results of Staff's cost of equity analysis for the sample utilities.

2 A. The following table shows the results of Staff's cost of equity analysis:

3  
4 Table 2

Method	Estimate
Average DCF Estimate	9.8%
Average CAPM Estimate	10.7%
Overall Average	10.3%

5  
6 Staff's average estimate of the cost of equity to the sample water utilities is 10.3 percent.

7  
8 VII. FINAL COST OF EQUITY ESTIMATES FOR BLACK MOUNTAIN

9 Q. Do Black Mountain's loans affect its cost of equity despite their recognition as  
10 operating expenses for rate-making purposes?

11 A. Yes. An entity's financial risk increases with increased leverage placing upward pressure  
12 on its cost of equity, regardless of the rate-making recovery mechanism. The average  
13 capital structure for the sample water utilities is composed of 49.8 percent equity and 50.2  
14 percent debt, as shown on Staff Schedule JCM-4. Black Mountain's actual capital  
15 structure is composed of 78.4 percent equity and 21.6 percent debt. In this case, since  
16 Black Mountain's capital structure is less leveraged than that of the average sample water  
17 utilities' capital structure, its stockholders bear less financial risk than the sample water  
18 utilities. Accordingly, Black Mountain's cost of equity is lower than the sample water  
19 utilities.  
20



1 **Q. What method does Staff use to calculate the effect on the cost of equity capital of the**  
2 **different financial risks posed by Black Mountain versus the sample companies?**

3 A. Staff uses the methodology developed by Professor Robert Hamada of the University of  
4 Chicago, which incorporates capital structure theory with the CAPM, to estimate the  
5 effect of Black Mountain's capital structure on its cost of equity. Staff calculated a  
6 financial risk adjustment for Black Mountain of negative 70 basis points based on the  
7 Company's actual capital structure of 78.4 percent equity and 21.6 percent debt in order to  
8 reflect the Company's actual financial risk. Black Mountain's cost of equity adjusted for  
9 financial risk (9.6 percent) can be determined by subtracting this 0.7 percent financial risk  
10 adjustment from Staff's average estimate of the cost of equity to the sample water utilities  
11 (10.3 percent).

12  
13 **Q. Does Staff's 70 basis point downward financial risk adjustment to the cost of equity**  
14 **reflect the full downward measure to the cost of equity due to difference in financial**  
15 **risk in Black Mountain's capital structure compared to the sample water utilities?**

16 A. No. Staff calculated its recommended 70 basis point downward financial risk adjustment  
17 assuming that the sample companies had a capital structure comprised of 60 percent equity  
18 and 40 percent debt instead of the actual average capital structure for the sample  
19 companies and assuming the Company's actual capital structure composed of 78.4 percent  
20 equity and 21.6 percent debt instead of the Company's ratemaking capital structure  
21 composed of 100.0 percent equity and 0.0 percent debt. If Staff had measured the  
22 financial risk adjustment using 100 percent equity for the Company's capital structure and  
23 60 percent equity for the sample companies, the downward financial risk adjustment  
24 would have been 120 basis points. The calculated downward financial risk adjustment  
25 would have been greater than 120 basis points if measured using 100 percent equity for  
26 the Company's capital structure and the sample companies' actual average equity of 49.8



percent. Staff measured the financial risk adjustment assuming the 60 percent equity for the sample companies to recognize that a capital structure composed of 60 percent equity and 40 percent debt is reasonable, even though it is less leveraged than that of the sample companies, and to encourage the Company to maintain a healthy capital structure.

**Q. What is Staff's ROE estimate for Black Mountain?**

A. Staff determined an ROE estimate of 10.3 percent for the Applicant based on cost of equity estimates for the sample companies ranging from 9.8 percent for the CAPM to 10.7 percent for the DCF. Staff is recommending adoption of a 70 basis point downward financial risk adjustment to 9.6 percent.

## VIII. RATE OF RETURN RECOMMENDATION

**Q. What overall rate of return did Staff determine for Black Mountain?**

A. Staff determined a 9.6 percent ROR for the Applicant, as shown in Schedule JCM-1 and the following table:

Table 3

	Weight	Cost	Weighted Cost
Long-term Debt	0.0%	9.4%	0.0%
Common Equity	100.0%	9.6%	<u>9.6%</u>
<b>Overall ROR</b>			<b><u>9.6%</u></b>

19



1 **IX. STAFF RESPONSE TO APPLICANT'S COST OF CAPITAL WITNESS MR.**  
2 **THOMAS J. BOURASSA**

3 **Q. Please summarize Mr. Bourassa's analyses and recommendations.**

4 A. Mr. Bourassa recommends a 12.8 percent ROE based on analyses for single and multi-  
5 stage DCF models, as well as historical and current market risk premium CAPM for the  
6 same sample of water companies selected by Staff. Mr. Bourassa also asserts that Black  
7 Mountain faces additional risks not captured by the market models, such as regulatory and  
8 financial risk, and he concludes that 12.8 percent ROE presents a reasonable balance  
9 resulting from his analyses. Mr. Bourassa also proposes 12.8 percent for the overall ROR  
10 since his capital structure consists of 100 percent equity.

11  
12 Constant-Growth DCF

13 **Q. Does Staff have any comments on Mr. Bourassa's sole reliance on analysts' forecasts**  
14 **to estimate DPS growth in his constant growth DCF estimates?**

15 A. Yes. Generally, analysts' forecasts are known to be overly optimistic. Sole use of  
16 analysts' forecasts to calculate the growth in dividends (g) causes inflated growth, and  
17 consequently, inflated cost of equity estimates. Also, relying only on analysts' forecasts  
18 of earnings growth to forecast DPS is inappropriate because it assumes that investors do  
19 not look at other relevant information such as past dividend and earnings growth.  
20



1 Q. Does Staff have any comments on the study cited by Mr. Bourassa, conducted by  
2 David A. Gordon, Myron J. Gordon and Lawrence I. Gould,<sup>11</sup> that he asserts  
3 supports exclusive use of analysts' forecasts in the DCF model?

4 A. Yes. The article cited by Mr. Bourassa does not conclude that investors ignore past  
5 growth when pricing stocks. Instead, the article describes more generally that methods  
6 exclusively using analysts' forecasts are "popular or attractive models;" but the article  
7 does not support the conclusion that these forecasts should be used alone.

8  
9 Q. Does Professor Gordon recommend relying exclusively on analysts' forecasts as the  
10 measure of growth in the DCF model?

11 A. No. Subsequent to the study cited by Mr. Bourassa,<sup>12</sup> Professor Gordon provided the  
12 keynote address at the 30th Financial Forum of the Society of Utility and Regulatory  
13 Financial Analysts, in which he stated:

14  
15 *I understand that companies coming before regulatory agencies*  
16 *liked and advocated the high growth rates in security analyst*  
17 *forecasts for arriving at their cost of equity capital. Instead of*  
18 *rejecting these forecasts, I understand that FERC and other*  
19 *regulatory agencies have decided to compromise with them. In*  
20 *particular, in arriving at the cost of equity for company X, the*  
21 *FERC has decided to arrive at the growth rate in my dividend*  
22 *growth model by using an average of two growth rates. One is*  
23 *security analysts forecast of the short-term growth rate in earnings*  
24 *provided by IBES or Value Line and the other a more long run and*  
25 *typically lower figure such as the past growth in GNP.*

26 *Such an average can be questioned on various grounds. However,*  
27 *my judgment is that between the short-term forecast alone and its*

---

<sup>11</sup> Gordon, David A., Myron J. Gordon, Lawrence I. Gould. "Choice Among Methods of Estimating Share Yield." *The Journal of Portfolio Management*. Spring 1989. pp. 50-55. (Bourassa's direct testimony, page 36, footnote.)

<sup>12</sup> Ibid.



1                   average with the past growth rate in GNP, the latter may be a  
2                   more reasonable figure.<sup>13</sup> (Emphasis added)

3  
4                   Simply stated, Professor Gordon would temper the typically higher analysts' forecasts  
5                   with the typically lower GNP growth rate by averaging the two.

6  
7       **Q.**       How does Staff respond to Mr. Bourassa's statement, "Logically, in estimating future  
8                   growth, financial institutions and analyst have taken into account all relevant  
9                   historical information on a company as well as other more recent information. To  
10                  the extent that past results provide useful indications of future growth prospects,  
11                  analysts' forecasts would already incorporate that information."? (Bourassa's Direct  
12                  Testimony, Page 32, line 6-10).

13       **A.**       The appropriate growth rate to use in the DCF formula is the dividend growth rate  
14                   expected by *investors*, not by analysts. Therefore, while analysts may have considered  
15                   historical measures of growth, it is reasonable to assume that investors rely to some extent  
16                   on past growth as well. This calls for consideration of both analysts' forecasts and past  
17                   growth.

18  
19       **Q.**       Does Staff have any other evidence to support its assertion that exclusive reliance on  
20                   analysts' forecasts of earnings growth in the DCF model would result in inflated cost  
21                   of equity estimates?

22       **A.**       Yes. Experts in the financial community have commented on the optimism in analysts'  
23                   forecasts of future earnings.<sup>14</sup> A study cited by David Dreman in his book *Contrarian*

---

<sup>13</sup> Gordon, M. J. Keynote Address at the 30<sup>th</sup> Financial Forum of the Society of Utility and Regulatory Financial Analysts. May 8, 1998. Transparency 3.

<sup>14</sup> See Seigel, Jeremy J. *Stocks for the Long Run*. 2002. McGraw-Hill. New York. p. 100. Dreman, David. *Contrarian Investment Strategies: The Next Generation*. 1998. Simon & Schuster. New York. pp. 97-98. Malkiel, Burton G. *A Random Walk Down Wall Street*. 2003. W.W. Norton & Co. New York. p. 175. Testimony of Professors Myron J. Gordon and Lawrence I. Gould, consultant to the Trial Staff (Common Carrier Bureau), FCC Docket 79-63, p. 95.



1       *Investment Strategies: The Next Generation* found that *Value Line* analysts were  
2       optimistic in their forecasts by 9 percent annually, on average, for the 1987 – 1989 period.  
3       Another study conducted by David Dreman found that, between 1982 and 1997, analysts  
4       overestimated the growth of earnings of companies in the S&P 500 by 188 percent.

5       Also, Burton Malkiel of Princeton University studied the one-year and five-year earnings  
6       forecasts made by some of the most respected names in the investment business. His  
7       results showed that the five-year estimates of professional analysts, when compared with  
8       actual earnings growth rates, were much more inaccurate than the predictions from several  
9       naïve forecasting models, such as the long-run rate of growth of national income. In the  
10      following excerpt from Professor Malkiel's book *A Random Walk Down Wall Street*, he  
11      discusses the results of his study:

12  
13               *When confronted with the poor record of their five-year growth*  
14               *estimates, the security analysts honestly, if sheepishly, admitted*  
15               *that five years ahead is really too far in advance to make reliable*  
16               *projections. They protested that although long-term projections*  
17               *are admittedly important, they really ought to be judged on their*  
18               *ability to project earnings changes one year ahead. Believe it or*  
19               *not, it turned out that their one-year forecasts were even worse*  
20               *than their five-year projections.*

21               *The analysts fought back gamely. They complained that it was*  
22               *unfair to judge their performance on a wide cross section of*  
23               *industries, because earnings for high-tech firms and various*  
24               *"cyclical" companies are notoriously hard to forecast. "Try us on*  
25               *utilities," one analyst confidently asserted. At the time they were*  
26               *considered among the most stable group of companies because of*  
27               *government regulation. So we tried it and they didn't like it. Even*  
28               *the forecasts for the stable utilities were far off the mark.*<sup>15</sup>  
29               (Emphasis added)  
30

---

<sup>15</sup> Malkiel, Burton G. *A Random Walk Down Wall Street*. 2003. W.W. Norton & Co. New York. p. 175



1 Q. Are investors aware of the problems related to analysts' forecasts?

2 A. Yes. In addition to books, there are numerous published articles appearing in *The Wall*  
3 *Street Journal* and other financial publications that cast doubt as to how accurate research  
4 analysts are in their forecasts.<sup>16</sup> Investors, being keenly aware of these inherent biases in  
5 forecasts, will use other methods to assess future growth.

6  
7 Q. Should DPS growth be considered in a DCF analysis?

8 A. Yes. As previously stated in Section V of this testimony, the current market price of a  
9 stock is equal to the present value of all expected future dividends, not future earnings.  
10 Professor Jeremy Siegel from the Wharton School of Finance stated:

11  
12 *Note that the price of the stock is always equal to the present value*  
13 *of all future dividends and not the present value of future earnings.*  
14 *Earnings not paid to investors can have value only if they are paid*  
15 *as dividends or other cash disbursements at a later date. Valuing*  
16 *stock as the present discounted value of future earnings is*  
17 *manifestly wrong and greatly overstates the value of the firm.*<sup>17</sup>  
18

19 In other words, investors pay attention to earnings as long as they are paid as dividends.  
20 Earnings can easily be overstated, but if investors do not receive dividends or other cash  
21 disbursement at a later date, then such earnings are meaningless.

22

---

<sup>16</sup> See Smith, Randall & Craig, Suzanne. "Big Firms Had Research Ploy: Quiet Payments Among Rivals." *The Wall Street Journal*. April 30, 2003. Brown, Ken. "Analysts: Still Coming Up Rosy." *The Wall Street Journal*. January 27, 2003. p. C1. Karmin, Craig. "Profit Forecasts Become Anybody's Guess." *The Wall Street Journal*. January 21, 2003. p. C1. Gasparino, Charles. "Merrill Lynch Investigation Widens." *The Wall Street Journal*. April 11, 2002. p. C4. Elstein, Aaron. "Earnings Estimates Are All Over the Map." *The Wall Street Journal*. August 2, 2001. p. C1. Dreman, David. "Don't Count on those Earnings Forecasts." *Forbes*. January 26, 1998. p. 110.

<sup>17</sup> Siegel, Jeremy J. *Stocks for the Long Run*. 2002. McGraw-Hill. New York. P. 93.



1 Multi-Stage DCF

2 Q. Does Staff have any comments on Mr. Bourassa's sole reliance on forecasted  
3 earnings growth for the near-term ("Stage -1 growth") in his multi-stage DCF?

4 A. Yes. As previously discussed, exclusive reliance on forecasted earnings growth for the  
5 near-term (Stage-1 growth) is inappropriate since analysts forecasts of earnings growth are  
6 known to be overly optimistic. Reliance on forecasted earnings growth, to the exclusion  
7 of historic EPS and historical and projected DPS, likely results in inflated cost of equity  
8 estimates.

9  
10 Firm-Specific Risk

11 Q. What is Staff's response to Mr. Bourassa's contention that the market data provided  
12 by the sample water utilities does not capture all of the market risk associated with  
13 Black Mountain due to Arizona regulatory requirements use of historical test years  
14 and limited out of period adjustment recognition?<sup>18</sup>

15 A. The examples cited by Mr. Bourassa are examples of firm-specific or unique risks.  
16 Existence of firm-specific risk does not necessarily indicate that a company has more total  
17 risk than others, as all companies have firm-specific risks. Moreover, as previously  
18 discussed, the market does not compensate investors for firm-specific risk because that  
19 risk can be eliminated through diversification.  
20

---

<sup>18</sup> Direct Testimony of Thomas J. Bourassa, Black Mountain Sewer Corporation, Docket No. SW-02361A-08-0609, page 19 lines 25-26



1 Q. Does Staff have a response to Mr. Bourassa's assertion that a good argument can be  
2 made that Black Mountain is not comparable to the six publicly traded water utilities  
3 in the sample group due to a difference in size?<sup>19</sup>

4 A. The Commission has previously ruled that firm size does not warrant recognition of a risk  
5 premium. In Decision No. 64282, dated December 28, 2001, for Arizona Water, the  
6 Commission stated, "We do not agree with the Company's proposal to assign a risk  
7 premium to Arizona Water based on its size relative to other publicly traded water  
8 utilities...." In Decision No. 64727, dated April 17, 2002, for Black Mountain Gas, the  
9 Commission agreed with Staff that "the 'firm size phenomenon' does not exist for  
10 regulated utilities, and that therefore there is no need to adjust for risk for small firm size  
11 in utility rate regulation." Further, as previously noted, Black Mountain's ultimate parent,  
12 Algonquin Power Income Fund, has access to the capital markets.

13  
14 X. CONCLUSION

15 Q. Please summarize Staff's recommendations.

16 A. Staff recommends that the Commission adopt a capital structure for Black Mountain in  
17 this proceeding composed of 0.0 percent debt and 100.0 percent equity.

18  
19 Staff also recommends that the Commission adopt a 9.6 percent ROR for the Applicant,  
20 based on Staff's cost of equity estimates that range from 9.8 percent to 10.7 percent for the  
21 sample companies and to reflect a 70 basis point downward financial risk adjustment.

22  
23 Q. Does this conclude your Direct Testimony?

24 A. Yes, it does.

---

<sup>19</sup> Direct Testimony of Thomas J. Bourassa, Black Mountain Sewer Corporation, Docket No. SW-02361A-08-0609, page 22 lines 20-21



**Black Mountain Sewer Cost of Capital Calculation**  
**Capital Structure**  
**And Weighted Average Cost of Capital**  
**Staff Recommended and Company Proposed**

[A]	[B]	[C]	[D]
<u>Description</u>	<u>Weight (%)</u>	<u>Cost</u>	<u>Weighted Cost</u>
Staff Recommended Structure			
Debt	0.0%	9.4%	0.0%
Common Equity	100.0%	9.6%	9.6%
Weighted Average Cost of Capital			9.6%
Company Proposed Structure			
Debt	0.0%	9.4%	0.0%
Common Equity	100.0%	12.8%	12.8%
Weighted Average Cost of Capital			12.8%

[D] : [B] x [C]

Supporting Schedules: JCM-3 and JCM-4.



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5-2







Black Mountain Sewer Cost of Capital Calculation  
Average Capital Structure of Sample Water Utilities

[A]	[B]	[C]	[D]
<u>Company</u>	<u>Debt</u>	Common <u>Equity</u>	<u>Total</u>
American States Water	52.9%	47.1%	100.0%
California Water	44.0%	56.0%	100.0%
Aqua America	54.3%	45.7%	100.0%
Connecticut Water	50.2%	49.8%	100.0%
Middlesex Water	52.0%	48.0%	100.0%
SJW Corp	<u>47.8%</u>	<u>52.2%</u>	<u>100.0%</u>
Average Sample Water Utilities	50.2%	49.8%	100.0%
Black Mtn - Actual Capital Structure <sup>1</sup>	21.6%	78.4%	100.0%

Source:

Sample Water Companies from Value Line

<sup>1</sup> The Capital Structure for ratemaking is 0.0 percent debt and 100.0 percent equity.



Black Mountain Sewer Cost of Capital Calculation  
Growth in Earnings and Dividends  
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]
<u>Company</u>	Dividends Per Share 1998 to 2008 <u>DPS<sup>1</sup></u>	Dividends Per Share Projected <u>DPS<sup>1</sup></u>	Earnings Per Share 1998 to 2008 <u>EPS<sup>1</sup></u>	Earnings Per Share Projected <u>EPS<sup>1</sup></u>
American States Water	1.8%	5.1%	3.7%	10.9%
California Water	0.9%	2.8%	2.7%	6.9%
Aqua America	7.0%	5.0%	6.2%	11.4%
Connecticut Water	1.3%	No Projection	1.0%	No Projection
Middlesex Water	2.1%	No Projection	2.9%	No Projection
SJW Corp	5.5%	No Projection	3.0%	No Projection
Average Sample Water Utilities	3.1%	4.3%	3.4%	9.7%

1 Value Line



Black Mountain Sewer Cost of Capital Calculation  
Sustainable Growth  
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]
Company	Retention Growth 1999 to 2008 br	Retention Growth Projected br	Stock Financing Growth vs	Sustainable Growth 1999 to 2008 br + vs	Sustainable Growth Projected br + vs
American States Water	3.0%	6.3%	1.3%	4.4%	7.6%
California Water	2.0%	6.1%	4.0%	6.0%	10.1%
Aqua America	4.8%	5.7%	3.5%	8.2%	9.2%
Connecticut Water	2.6%	No Projection	0.8%	3.4%	No Projection
Middlesex Water	1.4%	No Projection	2.4%	3.8%	No Projection
SJW Corp	4.5%	No Projection	0.1%	4.6%	No Projection
Average Sample Water Utilities	3.0%	6.0%	2.0%	5.1%	9.0%

[B]: Value Line

[C]: Value Line

[D]: Value Line and MSN Money

[E]: [B]+[D]

[F]: [C]+[D]



Black Mountain Sewer Cost of Capital Calculation  
Selected Financial Data of Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]	[G]
Company	Symbol	Spot Price 8/26/2009	Book Value	Mkt To Book	Value Line Beta $\beta$	Raw Beta $\beta_{raw}$
American States Water	AWR	33.85	18.52	1.8	0.80	0.67
California Water	CWT	37.90	20.89	1.8	0.80	0.67
Aqua America	WTR	17.28	9.11	1.9	0.65	0.45
Connecticut Water	CTWS	22.56	12.58	1.8	0.85	0.75
Middlesex Water	MSEX	15.36	10.83	1.4	0.80	0.67
SJW Corp	SJW	22.81	14.59	1.6	1.00	0.97
Average				1.7	0.82	0.70

[C]: Msn Money

[D]: Value Line

[E]: [C] / [D]

[F]: Value Line

[G]:  $(-0.35 + [F]) / 0.67$



Black Mountain Sewer Cost of Capital Calculation  
Calculation of Expected Infinite Annual Growth in Dividends  
Sample Water Utilities

[A]	[B]
<u>Description</u>	g
DPS Growth - Historical <sup>1</sup>	3.1%
DPS Growth - Projected <sup>1</sup>	4.3%
EPS Growth - Historical <sup>1</sup>	3.4%
EPS Growth - Projected <sup>1</sup>	9.7%
Sustainable Growth - Historical <sup>2</sup>	5.1%
<u>Sustainable Growth - Projected<sup>2</sup></u>	<u>9.0%</u>
Average	<b>5.8%</b>

<sup>1</sup> Schedule JCM-5

<sup>2</sup> Schedule JCM-5



Black Mountain Sewer Cost of Capital Calculation  
Multi-Stage DCF Estimates  
Sample Water Utilities

[A] Company	[B] Current Mkt. Price ( $P_0$ ) <sup>1</sup> 8/26/2009	[C] Projected Dividends <sup>2</sup> (Stage 1 growth) ( $D_t$ )				[E]	[F]	[H] Stage 2 growth <sup>3</sup> ( $g_n$ )	[I] Equity Cost Estimate ( $K$ ) <sup>4</sup>
		$d_1$	$d_2$	$d_3$	$d_4$				
American States Water	33.9	1.01	1.07	1.13	1.20			6.7%	9.6%
California Water	37.9	1.21	1.28	1.36	1.44			6.7%	9.8%
Aqua America	17.3	0.56	0.60	0.63	0.67			6.7%	9.9%
Connecticut Water	22.6	0.94	1.00	1.05	1.11			6.7%	10.8%
Middlesex Water	15.4	0.74	0.78	0.83	0.88			6.7%	11.4%
SJW Corp	22.8	0.68	0.72	0.76	0.80			6.7%	9.6%

Average      10.2%

$$P_0 = \sum_{t=1}^n \frac{D_t}{(1+K)^t} + \frac{D_n(1+g_n)}{K - g_n} \left[ \frac{1}{(1+K)} \right]^n$$

Where :  $P_0$  = current stock price

$D_t$  = dividends expected during stage 1

$K$  = cost of equity

$n$  = years of non - constant growth

$D_n$  = dividend expected in year n

$g_n$  = constant rate of growth expected after year n

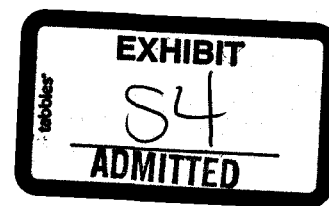
<sup>1</sup> [B] see Schedule JCM-7

<sup>2</sup> Derived from Value Line Information

<sup>3</sup> Average annual growth in GDP 1929 - 2008 in current dollars.

<sup>4</sup> Internal Rate of Return of Projected Dividends





BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES  
Chairman  
GARY PIERCE  
Commissioner  
SANDRA D. KENNEDY  
Commissioner  
PAUL NEWMAN  
Commissioner  
BOB STUMP  
Commissioner

IN THE MATTER OF THE APPLICATION OF )  
BLACK MOUNTAIN SEWER CORPORATION, )  
AN ARIZONA CORPORATION, FOR A )  
DETERMINATION OF THE FAIR VALUE OF )  
ITS UTILITY PLANT AND PROPERTY AND )  
FOR INCREASES IN ITS RATES AND )  
CHARGES FOR UTILITY SERVICE BASED )  
THEREON )

DOCKET NO. SW-02361A-08-0609

SURREBUTTAL

TESTIMONY

OF

JUAN C. MANRIQUE

PUBLIC UTILITIES ANALYST I

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

NOVEMBER 9, 2009



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**EXECUTIVE SUMMARY  
BLACK MOUNTAIN SEWER CORPORATION  
DOCKET NO. SW-02361A-08-0609**

The Surrebuttal Testimony of Staff witness Juan C. Manrique addresses the following issues:

Capital Structure – Staff recommends that the Commission adopt a capital structure for Black Mountain Sewer Corporation (“Applicant”) for this proceeding consisting of 0.0 percent debt and 100.0 percent equity. Although the Applicant has debt in the form of capital leases, the Commission has directed (Decision No. 59944) recovery of the lease costs as operating expense.

Cost of Equity – Staff recommends that the Commission adopt a 9.4 percent return on equity (“ROE”) for the Applicant. Staff’s estimated ROE for the Applicant is based on cost of equity estimates for the sample companies ranging from 9.9 percent for the discounted cash flow method (“DCF”) to 10.5 percent for the capital asset pricing model (“CAPM”). Staff’s ROE recommendation includes a 0.8 percent downward adjustment to reflect a lower financial risk in the Applicant’s capital structure compared to that of the sample companies.

Overall Rate of Return – Staff recommends that the Commission adopt an overall rate of return (“ROR”) of 9.4 percent.

Response to the Rebuttal Testimony of Applicant’s witness Mr. Thomas J. Bourassa – The Commission should reject the Company’s proposals to allow for a firm size adjustment, to selectively eliminate inputs in Staff’s cost of equity estimation with unfavorable outputs resulting in an imbalance in Staff’s cost of equity estimation, and to rely exclusively on analysts’ forecasts for DCF estimates.



**I. INTRODUCTION**

**Q. Please state your name, occupation, and business address.**

A. My name is Juan C. Manrique. I am a Public Utilities Analyst employed by the Arizona Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

**Q. Are you the same Juan C. Manrique who filed Direct Testimony in this case?**

A. Yes, I am.

**Q. What is the purpose of your Surrebuttal Testimony in this rate proceeding?**

A. The purpose of my Surrebuttal Testimony in this rate proceeding is to report on Staff's updated cost of capital analysis with its recommendations regarding Black Mountain Sewer Corporation's ("Black Mountain" or "Applicant") cost of capital and to respond to the cost of capital portion of the Rebuttal Testimony of Black Mountain's witness Mr. Thomas J. Bourassa ("Mr. Bourassa's Rebuttal").

**Q. Please explain how Staff's Surrebuttal Testimony is organized.**

A. Staff's Surrebuttal Testimony is presented in four sections. Section I is this introduction. Section II discusses Staff's updated cost of capital analysis. Section III presents Staff's comments on Mr. Bourassa's Rebuttal. Lastly, Section IV presents Staff's recommendations.

**II. COST OF EQUITY AND OVERALL RATE OF RETURN**

**Q. Did Staff update its analysis concerning the Applicant's cost of equity ("COE") since it filed its Direct Testimony?**

A. Yes. Staff updated its analysis to include the most updated data available.



1 **Q. What is Staff's updated COE?**

2 A. Staff's updated COE is 9.4 percent. In Staff's Direct Testimony, the COE was 9.6  
3 percent.

4  
5 **Q. What is Staff recommending for Black Mountain's COE?**

6 A. Staff is recommending a COE of 9.4 percent derived from its updated cost of equity  
7 estimated range from 9.9 percent to 10.5 percent with a downward financial risk  
8 adjustment of 80 basis points (0.8 percent).

9  
10 **Q. Did Staff update its analysis concerning the Applicant's overall rate of return?**

11 A. Yes.

12  
13 **Q. What is Staff's updated overall rate of return?**

14 A. Staff's updated overall rate of return is 9.4 percent. In Staff's Direct Testimony, the  
15 overall rate of return was 9.6 percent.

16  
17 **Q. What is Staff recommending for Black Mountain's overall rate of return?**

18 A. Staff is recommending an overall rate of return of 9.4 percent. Staff's recommendation is  
19 based on a COE of 9.4 percent, a cost of debt at 9.4 percent and a capital structure of  
20 100.0 percent equity and 0.0 percent debt as shown on Surrebuttal Schedule JCM-1.<sup>1</sup>

21

---

<sup>1</sup> Although the Applicant has debt in the form of capital leases, the Commission has directed (Decision No. 59944) recovery of the lease costs as operating expense.



**III. RESPONSE TO THE REBUTTAL TESTIMONY OF THE APPLICANT'S COST  
OF CAPITAL WITNESS**

*Mr. Bourassa's Rebuttal*

**Q. Does Staff have a response to Mr. Bourassa's citation that "[i]n Chapter 7 of Morningstar's Ibbotson SBBI 2009 Valuation Yearbook, for example, Ibbotson reports that when betas are properly estimated, betas are larger for smaller companies than for larger companies?"<sup>2</sup>**

**A.** Yes. It is generally understood that smaller companies tend to have higher betas than larger companies due to larger variations in earnings, thus making the smaller companies more risky. However, the Ibbotson report pertains to a broad spectrum of stocks that are not specific to the utilities industry. A utility industry specific study to determine whether the firm size phenomenon exists in the public utility industry concluded that there is no need to adjust for firm size in utility rate regulation.<sup>3</sup> Also, much of the higher variance in small stocks has been attributed to the "January effect" that is expected to have a larger impact on smaller stocks than larger stocks because smaller stocks are less likely to be in the portfolios of tax-exempt institutional investors and pension funds.

**Q. Please respond to Mr. Bourassa's argument that "Staff's historical DPS growth rates produce indicated costs of equity *below* the cost of debt for 3 of the 6 publicly traded water utilities in Staff's water proxy group – one as low as 3.9 percent."<sup>4</sup>**

**A.** Staff uses a balanced approach to cost of equity model which takes into account both high and low outcomes. Mr. Bourassa suggests that inputs that have outcomes that produce unfavorable results should be selectively eliminated. Such selective exclusions are inconsistent with the fundamental concept of Staff's cost of equity estimation model to include a balance among inputs.

<sup>2</sup> Mr. Bourassa's Rebuttal, page 6, lines 1-4.

<sup>3</sup> Wong, Annie. "Utility Stocks and the Size Effect: An Empirical Analysis." *Journal of the Midwest Finance Association*. 1993. pp. 95-101.

<sup>4</sup> Mr. Bourassa's Rebuttal, page 11, line 19.



1 Q. Does Staff have a response to Mr. Bourassa's assertion that "[i]f investors rely on  
2 analysts' growth rate forecasts, those forecasts should be used to determine the cost  
3 of equity?"<sup>5</sup>

4 A. Yes. Mr. Bourassa makes this assertion as if the *only* factor investors look at is analysts'  
5 growth rates. Investors do rely on analysts forecasts as one factor in investment decisions;  
6 however, other factors such as historical data also factor into investors' investment  
7 decisions.

8

9 IV. STAFF RECOMMENDATIONS

10 Q. What are Staff's recommendations for Black Mountain's cost of capital?

11 A. Staff makes the following recommendations for Black Mountain's cost of capital:

12

13 1. Staff recommends a capital structure of 0.0 percent debt and 100.0 percent equity.

14 2. Staff recommends a cost of debt of 9.4 percent.

15 3. Staff recommends a cost of equity of 9.4 percent.

16 4. Staff recommends an overall rate of return of 9.4 percent.

17

18 Q. Does this conclude your testimony?

19 A. Yes, it does.

---

<sup>5</sup> Mr. Bourassa's Rebuttal, page 12, lines 19-20



**Black Mountain Sewer Cost of Capital Calculation**  
**Capital Structure**  
**And Weighted Average Cost of Capital**  
**Staff Recommended and Company Proposed**

[A]	[B]	[C]	[D]
<u>Description</u>	<u>Weight (%)</u>	<u>Cost</u>	<u>Weighted Cost</u>
Staff Recommended Structure			
Debt	0.0%	9.4%	0.0%
Common Equity	100.0%	9.4%	9.4%
Weighted Average Cost of Capital			9.4%
Company Proposed Structure			
Debt	0.0%	9.4%	0.0%
Common Equity	100.0%	12.8%	12.8%
Weighted Average Cost of Capital			12.8%

[D] : [B] x [C]

Supporting Schedules: JCM-3 and JCM-4.



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[A]	[B]	[C]	[D]	[E]
<u>DCF Method</u>				
Constant Growth DCF Estimate		$\frac{D_1}{P_0}^1$	+ $g^2$	k 9.5%
Multi-Stage DCF Estimate		3.7%	+ 5.8%	<u>10.3%</u>
Average of DCF Estimates			=	9.9%
<u>CAPM Method</u>				
Historical Market Risk Premium <sup>3</sup>	Rf	$\beta^5$	x (Rp)	k 8.5%
Current Market Risk Premium <sup>4</sup>	2.9%	0.80	x 6.9% <sup>6</sup>	<u>12.5%</u>
Average of CAPM Estimates	4.3%	0.80	x 10.3% <sup>7</sup>	10.5%
			Average	10.2%
			Financial risk adjustment	-0.8%
			Total	<u>9.4%</u>

## 7 Testimony



Black Mountain Sewer Cost of Capital Calculation  
Average Capital Structure of Sample Water Utilities

[A]	[B]	[C]	[D]
<u>Company</u>	<u>Debt</u>	<u>Common Equity</u>	<u>Total</u>
American States Water	48.4%	51.6%	100.0%
California Water	47.9%	52.1%	100.0%
Aqua America	52.7%	47.3%	100.0%
Connecticut Water	50.7%	49.3%	100.0%
Middlesex Water	53.2%	46.8%	100.0%
SJW Corp	<u>48.6%</u>	<u>51.4%</u>	<u>100.0%</u>
Average Sample Water Utilities	<b>50.2%</b>	<b>49.8%</b>	<b>100.0%</b>
Black Mtn - Actual Capital Structure <sup>1</sup>	<b>21.6%</b>	<b>78.4%</b>	<b>100.0%</b>

Source:

Sample Water Companies from Value Line

<sup>1</sup> The Capital Structure for ratemaking is 0.0 percent debt and 100.0 percent equity.



Black Mountain Sewer Cost of Capital Calculation  
Growth in Earnings and Dividends  
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]
Company	Dividends Per Share 1998 to 2008 <u>DPS<sup>1</sup></u>	Dividends Per Share Projected <u>DPS<sup>1</sup></u>	Earnings Per Share 1998 to 2008 <u>EPS<sup>1</sup></u>	Earnings Per Share Projected <u>EPS<sup>1</sup></u>
American States Water	1.8%	4.6%	3.7%	10.9%
California Water	0.9%	2.8%	2.7%	6.9%
Aqua America	7.0%	5.0%	6.2%	11.4%
Connecticut Water	1.3%	No Projection	1.0%	No Projection
Middlesex Water	2.1%	No Projection	2.9%	No Projection
SJW Corp	5.5%	No Projection	3.0%	No Projection
Average Sample Water Utilities	3.1%	4.1%	3.4%	9.7%

<sup>1</sup> Value Line



Black Mountain Sewer Cost of Capital Calculation  
Sustainable Growth  
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]
	Retention Growth 1999 to 2008 br	Retention Growth Projected br	Stock Financing Growth vs	Sustainable Growth 1999 to 2008 br + vs	Sustainable Growth Projected br + vs
<u>Company</u>					
American States Water	3.0%	6.4%	1.4%	4.4%	7.9%
California Water	2.0%	6.1%	4.2%	6.2%	10.3%
Aqua America	4.8%	5.7%	3.5%	8.3%	9.2%
Connecticut Water	2.6%	No Projection	0.8%	3.4%	No Projection
Middlesex Water	1.4%	No Projection	2.3%	3.7%	No Projection
SJW Corp	4.5%	No Projection	0.1%	4.6%	No Projection
Average Sample Water Utilities	3.0%	6.1%	2.1%	5.1%	9.1%

[B]: Value Line

[C]: Value Line

[D]: Value Line and MSN Money

[E]: [B]+[D]

[F]: [C]+[D]



Black Mountain Sewer Cost of Capital Calculation  
Selected Financial Data of Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]	[G]
Company	Symbol	Spot Price 10/28/2009	Book Value	Mkt To Book	Value Line Beta	Raw Beta
American States Water	AWR	34.58	17.74	1.9	0.80	0.67
California Water	CWT	38.17	20.11	1.9	0.75	0.60
Aqua America	WTR	15.64	8.21	1.9	0.65	0.45
Connecticut Water	CTWS	22.37	12.64	1.8	0.85	0.75
Middlesex Water	MSEX	15.31	10.92	1.4	0.80	0.67
SJW Corp	SJW	21.76	14.75	1.5	0.95	0.90
Average				1.7	0.80	0.67

[C]: Msn Money

[D]: Value Line

[E]: [C] / [D]

[F]: Value Line

[G]: (-0.35 + [F]) / 0.67



Black Mountain Sewer Cost of Capital Calculation  
Calculation of Expected Infinite Annual Growth in Dividends  
Sample Water Utilities

[A]	[B]
<u>Description</u>	g
DPS Growth - Historical <sup>1</sup>	3.1%
DPS Growth - Projected <sup>1</sup>	4.1%
EPS Growth - Historical <sup>1</sup>	3.4%
EPS Growth - Projected <sup>1</sup>	9.7%
Sustainable Growth - Historical <sup>2</sup>	5.1%
<u>Sustainable Growth - Projected<sup>2</sup></u>	<u>9.1%</u>
Average	5.8%

1 Schedule JCM-5

2 Schedule JCM-6



Black Mountain Sewer Cost of Capital Calculation  
Multi-Stage DCF Estimates  
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]	[H]	[I]
Company	Current Mkt. Price ( $P_0$ ) <sup>1</sup> 10/28/2009	Projected Dividends <sup>2</sup> (Stage 1 growth) ( $D_t$ )				Stage 2 growth <sup>3</sup> ( $g_n$ )	Equity Cost Estimate ( $K$ ) <sup>4</sup>
		$d_1$	$d_2$	$d_3$	$d_4$		
American States Water	34.6	1.06	1.12	1.18	1.25	6.7%	9.7%
California Water	38.2	1.23	1.30	1.38	1.46	6.7%	9.8%
Aqua America	15.6	0.57	0.60	0.64	0.68	6.7%	10.2%
Connecticut Water	22.4	0.93	0.98	1.03	1.09	6.7%	10.7%
Middlesex Water	15.3	0.75	0.79	0.84	0.89	6.7%	11.5%
SJW Corp	21.8	0.69	0.73	0.77	0.81	6.7%	9.8%

Average      10.3%

$$P_0 = \sum_{t=1}^n \frac{D_t}{(1+K)^t} + \frac{D_n(1+g_n)}{K - g_n} \left[ \frac{1}{(1+K)} \right]^n$$

Where :  $P_0$  = current stock price

$D_t$  = dividends expected during stage 1

$K$  = cost of equity

$n$  = years of non - constant growth

$D_n$  = dividend expected in year  $n$

$g_n$  = constant rate of growth expected after year  $n$

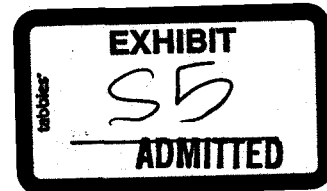
<sup>1</sup> [B] see Schedule JCM-7

<sup>2</sup> Derived from Value Line Information

<sup>3</sup> Average annual growth in GDP 1929 - 2008 in current dollars.

<sup>4</sup> Internal Rate of Return of Projected Dividends





BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES

Chairman

GARY PIERCE

Commissioner

PAUL NEWMAN

Commissioner

SANDRA D. KENNEDY

Commissioner

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IN THE MATTER OF THE APPLICATION OF )  
BLACK MOUNTAIN SEWER CORPORATION, )  
FOR A DETERMINATION OF THE FAIR VALUE )  
OF ITS UTILITY PLANT AND PROPERTY )  
AND FOR INCREASES IN ITS RATES AND )  
CHARGES FOR UTILITY SERVICE BASED )  
THEREON. )  
\_\_\_\_\_ )

DOCKET NO. SW-02361A-08-0609

DIRECT

TESTIMONY

OF

CRYSTAL S. BROWN

PUBLIC UTILITIES ANALYST V

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

SEPTEMBER 21, 2009



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**EXECUTIVE SUMMARY**  
**BLACK MOUNTAIN SEWER COMPANY, INC.**  
**DOCKET NO. SW-02361A-08-0609**

Black Mountain Sewer Company ("Black Mountain" or "Company") is a certificated Arizona public service corporation that provided wastewater utility service to approximately 2,000 customers during 2008 primarily in the Town of Carefree, in unincorporated portions of Maricopa County and in portions of the City of Scottsdale.

On December 19, 2008, Black Mountain filed an application for a permanent rate increase. The Company states that it incurred an adjusted test year operating loss of \$84,484 resulting in no rate of return.

Black Mountain proposed a \$913,780, or 57.83 percent, revenue increase from \$1,580,170 to \$2,493,950. The proposed revenue increase would produce an operating income of \$476,575 for a 12.80 percent rate of return on an original cost rate base of \$3,723,245. The Company's proposed rates would increase the typical residential bill from \$45.64 to \$71.08, for an increase of \$25.44 or 55.74 percent.

Staff recommends a \$483,140, or 30.58 percent, revenue increase from \$1,580,170 to \$2,063,310. Staff's proposed revenue increase would produce an operating income of \$345,824 for a 9.60 percent rate of return on an original cost rate base of \$3,602,336. Staff's recommended rates would increase the typical residential bill from \$45.64 to \$59.80, for an increase of \$14.16 or 31.02 percent.



1 **INTRODUCTION**

2 **Q. Please state your name, occupation, and business address.**

3 A. My name is Crystal S. Brown. I am a Public Utilities Analyst V employed by the Arizona  
4 Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff").  
5 My business address is 1200 West Washington Street, Phoenix, Arizona 85007.  
6

7 **Q. Briefly describe your responsibilities as a Public Utilities Analyst V.**

8 A. I am responsible for the examination and verification of financial and statistical  
9 information included in utility rate applications. In addition, I develop revenue  
10 requirements, prepare written reports, testimonies, and schedules that include Staff  
11 recommendations to the Commission. I am also responsible for testifying at formal  
12 hearings on these matters.  
13

14 **Q. Please describe your educational background and professional experience.**

15 A. I received a Bachelor of Science Degree in Business Administration from the University  
16 of Arizona and a Bachelor of Science Degree in Accounting from Arizona State  
17 University.  
18

19 Since joining the Commission in August 1996, I have participated in numerous rate cases  
20 and other regulatory proceedings involving electric, gas, water, and wastewater utilities. I  
21 have testified on matters involving regulatory accounting and auditing. Additionally, I  
22 have attended utility-related seminars sponsored by the National Association of  
23 Regulatory Utility Commissioners ("NARUC") on ratemaking and accounting designed to  
24 provide continuing and updated education in these areas.  
25



1 **Q. What is the scope of your testimony in this case?**

2 A. I am presenting Staff's analysis and recommendations in the areas of rate base, operating  
3 revenues and expenses, revenue requirement, and rate design regarding Black Mountain  
4 Sewer Company, Inc.'s ("Black Mountain" or "Company") application for a permanent  
5 rate increase. Staff witness Juan Manrique is presenting Staff's cost of capital  
6 recommendations. Staff witness Dorothy Hains is presenting Staff's engineering analysis  
7 and recommendations.  
8

9 **Q. What is the basis of your recommendations?**

10 A. I performed a regulatory audit of Black Mountain's application to determine whether  
11 sufficient, relevant, and reliable evidence exists to support the Company's requested rate  
12 increase. The regulatory audit consisted of examining and testing the financial  
13 information, accounting records, and other supporting documentation and verifying that  
14 the accounting principles applied were in accordance with the Commission adopted  
15 NARUC Uniform System of Accounts ("USOA").  
16

17 **BACKGROUND**

18 **Q. Please review the background of this application.**

19 A. Black Mountain is a certificated Arizona public service corporation that provided  
20 wastewater utility service to approximately 2,000 customers during 2008 primarily in the  
21 Town of Carefree, in unincorporated portions of Maricopa County and in portions of the  
22 City of Scottsdale.  
23

24 In March 2001, Black Mountain became a wholly owned subsidiary of Algonquin Water  
25 Resources. Algonquin Water Resources is Black Mountain's only shareholder.  
26 Algonquin Water Resources is a wholly owned subsidiary of Algonquin Power Income



1 Fund<sup>1</sup> (Algonquin Water Resources and Algonquin Power Income Fund are collectively  
2 referred to as "Algonquin").  
3

4 In addition to Black Mountain, Algonquin owns seven other companies located in  
5 Arizona: Litchfield Park Service Company, Gold Canyon Sewer Company, Rio Rico  
6 Utilities, Inc., Entrada Del Oro Sewer Company, Northern Sunrise Water Company, Inc.,  
7 Southern Sunrise Water Company, Inc., and Bella Vista Water Company. Algonquin has  
8 a contract to manage and operate Black Mountain. Algonquin also owns and/or operates  
9 utility systems in Illinois and Texas.  
10

11 Black Mountain's current rates were authorized in Decision No. 69164, dated December  
12 5, 2006. That Decision authorized a \$246,257 revenue increase that provided a 9.60  
13 percent rate of return on a \$1,472,969 fair value rate base.  
14

15 **Q. What are the primary reasons for the Company's requested permanent rate**  
16 **increase?**

17 **A.** According to the Company, the primary reasons are to recover increased operating  
18 expenses and to earn its authorized rate of return on its rate base which has increased  
19 significantly since the last rate case.  
20

---

<sup>1</sup> Algonquin Power Income Fund is an investment trust that owns or has interests in 71 companies in the United States and Canada, including 41 hydroelectric facilities, five natural gas cogeneration facilities, and 15 water and sewer facilities.



1 **CONSUMER SERVICE**

2 **Q. Please provide a brief history of customer complaints received by the Commission**  
3 **regarding Black Mountain.**

4 **A.** Staff reviewed the Commission's records and found that, as of September 4, 2009, there  
5 were 60 opinions and 10 petitions with 459 signatures, all from Black Mountain's  
6 customers opposed to the rate increase.

7  
8 **COMPLIANCE**

9 **Q. Please provide a summary of the compliance status of Black Mountain.**

10 **A.** A check of the ACC's Compliance Database indicates that there are currently no  
11 delinquencies for Black Mountain.

12  
13 **SUMMARY OF PROPOSED REVENUES**

14 **Q. Please summarize the Company's filing.**

15 **A.** The Company proposes total annual operating revenue of \$2,493,950. This represents an  
16 increase of \$913,780, or 57.83 percent, over test year revenue of \$1,580,170. The  
17 proposed revenue increase would produce an operating income of \$476,575 for a 12.80  
18 percent rate of return on an original cost rate base of \$3,723,245. The Company's  
19 proposed rates would increase the typical residential bill from \$45.64 to \$71.08, for an  
20 increase of \$25.44 or 55.74 percent.

21  
22 **Q. Please summarize Staff's recommended revenue.**

23 **A.** Staff recommends a \$483,140, or 30.58 percent, revenue increase from \$1,580,170 to  
24 \$2,063,310. Staff's recommended revenue increase would produce an operating income  
25 of \$345,824 for a 9.60 percent rate of return on an original cost rate base of \$3,602,336.



1 Staff's recommended rates would increase the typical residential bill from \$45.64 to  
2 \$59.80, for an increase of \$14.16 or 31.02 percent.

3  
4 **Q. What test year did Black Mountain use in this filing?**

5 A. Black Mountain's rate filing is based on the twelve months ended June 30, 2008 ("test  
6 year").

7  
8 **Q. Please summarize the rate base and operating income recommendations and  
9 adjustments addressed in your testimony for Black Mountain.**

10 A. My testimony addresses the following issues:

11  
12 Unrecorded Plant Retirement and Plant Addition – This adjustment increases Plant in  
13 Service by \$263,777 to reflect a \$13,208 unrecorded plant retirement and a \$276,985  
14 unrecorded plant addition.

15  
16 Expensed Plant Costs, Plant In Service – This adjustment increases Plant in Service by  
17 \$9,141 to reflect plant that the Company expensed when paid rather than capitalized and  
18 depreciated.

19  
20 Accumulated Depreciation – This adjustment decreases accumulated depreciation by  
21 \$10,871 to reflect the applicable amount based on Staff's recommended plant balance.

22  
23 Advances in Aid of Construction ("AIAC") – This adjustment increases AIAC by  
24 \$276,985 to reflect the addition of a new lift station that was funded with AIAC.

25



1       Cash Working Capital ("CWC") – This adjustment decreases cash working capital by  
2       \$127,851 to reflect the CWC calculation methodology adopted by the Commission in the  
3       Company's last rate proceeding.

4  
5       Corporate Expense Allocation – This adjustment decreases operating expenses by \$24,492  
6       to remove costs incurred related to the unregulated affiliate's business operations.

7  
8       Affiliate Increase – This adjustment decreases operating expenses by \$50,302 to remove  
9       additional affiliate costs not incurred during the test year.

10  
11       Expensed Plant Costs, Operating Expenses – This adjustment decreases operating  
12       expenses by \$9,141 to remove plant costs that the Company inappropriately expensed.

13  
14       Normalized Maintenance, Legal, and Engineering Expense – This adjustment decreases  
15       operating expenses by \$29,941 to reflect maintenance, legal, and engineering expenses at  
16       a normalized level.

17  
18       Bad Debt Expense – This adjustment decreases operating expenses by \$4,067 to remove  
19       bad debt expense that was not actually incurred.

20  
21       Rents Expense – This adjustment increases operating expenses by \$17,034 to reflect the  
22       increased rent cost of an independent third party contract for the Carefree office.

23  
24       Transportation Expense – This adjustment decreases operating expenses by \$5,375 to  
25       allocate a portion of a new truck lease to an affiliate.  
26



1        Wastewater Testing Expense – This adjustment decreases operating expenses by \$2,593 to  
2        reflect Staff's calculation of annual test expenses based on the Company's Aquifer  
3        Protection Permit ("APP") No. 11175 monitoring requirements and the monitoring  
4        requirements in the Scottsdale Agreement.

5  
6        Bonuses, Meals, and Other Costs – This adjustment decreases operating expenses by  
7        \$14,945 to remove expenses that are not needed for the provision of service.

8  
9        Depreciation Expense – This adjustment increases operating expenses by \$10,041 to  
10       reflect Staff's calculation of depreciation expense based upon Staff's recommended plant  
11       balances.

12  
13       Taxes Other Than Income – This adjustment increases operating expense by \$1,780 to  
14       properly reflect the Taxes Other Than Income account balance at the end of the test year.

15  
16       Property Tax Expense – This adjustment decreases operating expense by \$5,179 to reflect  
17       Staff's calculation of the Company's property tax expense.

18  
19       Income Tax Expense – This adjustment decreases operating expenses by \$14,370 to  
20       reflect the income tax obligation on Staff's adjusted test year taxable income.  
21



1 **RATE BASE**

2 *Fair Value Rate Base*

3 **Q. Did the Company prepare a Schedule showing the elements of Reconstruction Cost**  
4 **New Rate Base?**

5 A. No, the Company did not. The Company requested that its original cost rate base  
6 ("OCRB") be treated as its fair value rate base.

7  
8 *Rate Base Summary*

9 **Q. Please summarize Staff's adjustments to Black Mountain's rate base shown on**  
10 **Schedules CSB-3 and CSB-4.**

11 A. Staff's adjustments to Black Mountain's rate base resulted in a net decrease of \$120,909,  
12 from \$3,723,245 to a \$3,602,336. This decrease was primarily due to Staff adding  
13 unrecorded plant and AIAC and reflecting cash working capital.

14  
15 *Rate Base Adjustment No. 1 – Unrecorded Plant Retirement and Plant Addition*

16 **Q. What amount of plant is the Company proposing for Account No. 370, Receiving**  
17 **Wells?**

18 A. The Company is proposing \$690,628, as shown on Schedule CSB-5.

19  
20 **Q. Did the Company make any changes to receiving well plant during the test year that**  
21 **was not recorded in its general ledger?**

22 A. Yes, the Company retired an old receiving well and replaced it with a new one. In  
23 response to data requests DH 2.4 and 2.5 issued by Staff's Engineering witness, Dorothy  
24 Hains, the Company indicated that it should have removed the cost of the Old Trade  
25 Center Lift Station (estimated to be \$13,208) and added the \$276,985 cost of the



1 replacement receiving well at the end of the test year. Staff reviewed the Company's  
2 documentation and is in agreement.

3  
4 **Q. What is Staff's recommendation?**

5 A. Staff recommends increasing plant in service by \$263,777 to reflect a plant retirement of  
6 \$13,208 and plant addition of \$276,985, as shown on Schedules CSB-4 and CSB-5.

7  
8 *Rate Base Adjustment No. 2 – Expensed Plant*

9 **Q. What guidance should companies use in determining whether a cost should be**  
10 **capitalized by recording it in a plant account or treated as an operating expense?**

11 A. The Arizona Administrative Code R14-2-411 D.2 requires water companies to maintain  
12 their accounting records in accordance with the NARUC USOA. The rule states, "Each  
13 utility shall maintain its books and records in conformity with the Uniform System of  
14 Accounts for Class A, B, C and D Water Utilities" (emphasis added).

15  
16 Further, the NARUC USOA provides a listing of plant accounts and the types of costs that  
17 should be recorded in each account. Utilities should use the plant account listing and  
18 Accounting Instruction No. 14 "Utility Plant – Components of Construction Costs" to  
19 determine what costs should be recorded as plant.

20  
21 **Q. Did Black Mountain expense costs that, according to the NARUC USOA, should be**  
22 **recorded in plant accounts?**

23 A. Yes, the Company expensed plant costs incurred for surveying, pumps and installation,  
24 and new cables and filters for plant sewers, as shown on Schedule CSB-6.



1 **Q. What is the effect of expensing rather than capitalizing plant?**

2 A. Expensing plant violates the matching principle. The matching principle is the underlying  
3 basis of accrual accounting, which is required by the NARUC USOA. The matching  
4 principle requires that revenues earned in an accounting period be matched to the expenses  
5 incurred during that same accounting period.

6  
7 The practice of expensing plant violates the matching principle because the entire cost of  
8 the asset is matched to only one accounting period even though the asset will benefit many  
9 accounting periods. Adherence to the matching principle and the NARUC USOA requires  
10 that the cost of an asset that benefits more than one accounting period be capitalized (by  
11 recording it in a plant account) and depreciated over the asset's useful life.

12  
13 **Q. What is Staff's recommendation?**

14 A. Staff recommends increasing plant in service by \$9,141 to reclassify plant that was  
15 incorrectly recorded as an operating expense, as shown on Schedules CSB-4 and CSB-6.

16  
17 *Rate Base Adjustment No. 3 – Accumulated Depreciation*

18 **Q. What adjustments did Staff make to Accumulated Depreciation?**

19 A. Staff adjusted accumulated depreciation to reflect plant added during the test year but not  
20 recorded in the Company's general ledger and plant that was expensed rather than  
21 capitalized.

22  
23 **Q. What is Staff's recommendation?**

24 A. Staff recommends decreasing accumulated depreciation by \$10,871, as shown on  
25 Schedules CSB-4 and CSB-7.

26



1 *Rate Base Adjustment No. 4 – Advances In Aid of Construction*

2 **Q. What adjustments did Staff make to AIAC?**

3 A. Staff increased AIAC to reflect the addition of the \$276,985 new receiving well discussed  
4 in Rate Base Adjustment No. 1 that was funded with AIAC.

5  
6 **Q. What is Staff's recommendation?**

7 A. Staff recommends increasing AIAC by \$276,985, as shown on Schedules CSB-4 and  
8 CSB-8.

9 *Rate Base Adjustment No. 5 – Cash Working Capital*

10 **Q. What amount of cash working capital is Black Mountain proposing to include in rate**  
11 **base?**

12 A. Black Mountain is proposing to include no cash working capital in rate base.

13  
14 **Q. Did the Commission, in the Company's last rate proceeding, include cash working**  
15 **capital in rate base?**

16 A. Yes.

17  
18 **Q. Did Staff calculate its recommended cash working capital using the same**  
19 **methodology adopted by the Commission in that case?**

20 A. Yes. As shown on Schedule CSB-9, Staff utilized the same methodology that was  
21 adopted by the Commission in the Company's previous case.

22  
23 **Q. What is Staff recommending for Cash Working Capital?**

24 A. Staff recommends a negative \$127,713 cash working capital, as shown on Schedules  
25 CSB-4 and CSB-9.



1 *Deferred Regulatory Asset – Scottsdale Wastewater Treatment Capacity*

2 **Q. Did the Company purchase additional wastewater treatment capacity from the City**  
3 **of Scottsdale?**

4 A. Yes, the Company purchased 81,049 gallons per day of treatment capacity from the City  
5 of Scottsdale for \$486,294. The purchase agreement stays in effect for ten years.

6  
7 **Q. How is the Company proposing to recover the cost of the additional treatment**  
8 **capacity?**

9 A. The Company is proposing to amortize the \$486,294 over ten years. One-tenth of the  
10 amount, or \$48,628, would be included in operating expense in the test year and the  
11 remaining unamortized balance would be included in rate base as a deferred regulatory  
12 asset.

13  
14 **Q. Is the Company's proposed accounting treatment consistent with the way Scottsdale**  
15 **Treatment Capacity costs are currently recovered?**

16 A. No. In the Company's prior rate case, the Commission included the entire cost of the  
17 treatment capacity in operating expense.

18  
19 **Q. Is a departure from the current accounting treatment warranted in this proceeding?**

20 A. Yes. A change in accounting treatment is warranted because costs that result in multi-year  
21 benefits should be distributed over the benefit period in accordance to the matching  
22 principle. Further, this accounting treatment will mitigate the impact on customers' rates.

23  
24 **Q. What is Staff's recommendation?**

25 A. Staff recommends adopting the Company's proposed recovery of additional Scottsdale  
26 treatment capacity.



**OPERATING INCOME***Operating Income Summary*

**Q. What are the results of Staff's analysis of Test Year revenues, expenses and operating income?**

**A.** As shown on Schedules CSB-10 and CSB-11, Staff's analysis resulted in Test Year revenues of \$1,580,170, expenses of \$1,533,104 and operating income of \$47,066.

*Operating Income Adjustment No. 1 – Corporate Expense Allocation*

**Q. What is the Algonquin Power Income Fund ("Fund" or "APIF")?**

**A.** The Algonquin Power Income Fund, the ultimate parent of Black Mountain, is an unregulated company whose primary business activity is the acquisition and ownership of generation and infrastructure companies through security investments. At year-end 2007, APIF consisted of four main divisions as follows:

	2007 Divisions	
	Types of Facilities in Divisions	No. of Facilities
1	Hydroelectric	41
2	Cogeneration – Equity Interest Only	2
	Cogeneration – Own/Operate	3
3	Alternative Fuels – Equity Interest Only	3
	Alternative Fuels – Own/Operate	5
4	Infrastructure (Water & Sewer)	17
	<b>Total Number of Facilities</b>	<b>71</b>



1 **Q. Please describe the position of Black Mountain within APIF's organizational**  
2 **structure.**

3 A. According to the organizational chart provided in response to MEM 1.2, Algonquin Power  
4 Income Fund owns Algonquin Holdco, who in turn, owns Algonquin Power Fund Canada,  
5 who in turn, owns Algonquin Power Income Fund, who in turn, owns Algonquin Power  
6 Fund America, who in turn, owns Algonquin Water Resources of America, who in turn,  
7 owns Black Mountain Sewer Company.

8  
9 **Q. What were the charges from these affiliates to Black Mountain?**

10 A. Algonquin Power Systems billed \$137,630, Algonquin Power Trust billed \$82,045, and  
11 Algonquin Water Services billed \$1,680,443, for a total of \$1,900,118 in billings from  
12 affiliates.

13  
14 **Q. What is the primary goal of cost allocation between an unregulated affiliate and a**  
15 **regulated affiliate?**

16 A. The primary goal is the fair distribution of costs between the unregulated and regulated  
17 affiliate through proper allocations.

18  
19 **Q. What effect does improperly allocated costs have on rate payers?**

20 A. When costs incurred primarily for the benefit of an unregulated affiliate's business are  
21 improperly identified and allocated as overhead/common costs, then costs of the  
22 unregulated affiliate are shifted to the captive customers of the regulated utility. This cost  
23 shifting results in the captive customers of the regulated utility subsidizing the business  
24 operations of the unregulated affiliate. This harms customers by creating artificially  
25 higher rates. The costs of a regulated utility, such as Black Mountain, should only include  
26 those costs that would have been incurred on a "stand-alone basis".



1    **Q.    What is the definition of “stand-alone basis”?**

2    A.    “Stand-alone basis” means reflecting costs as if the regulated utility produced the service  
3           by itself. This helps to ensure that any subsidization of the unregulated business by the  
4           captive utility customers is eliminated.

5  
6    **Q.    What is the amount of expense that was allocated from the APIF unregulated  
7           business operations to Black Mountain during the test year?**

8    A.    Black Mountain was allocated \$26,944<sup>2</sup> during the test year.

9  
10   **Q.    How was the allocation to Black Mountain made?**

11   A.    First, \$3.95 million in expenses from the unregulated affiliate were allocated to the  
12           infrastructure division based on a single allocation factor of 26.98 percent<sup>3</sup>. Those costs  
13           were then allocated to each company within the infrastructure division based upon  
14           customer count (MEM 4.1).

15  
16   **Q.    Did Staff review the amounts comprising the \$3.95 million of expenses allocated from  
17           the unregulated affiliate to Black Mountain?**

18   A.    Yes.

19  
20   **Q.    Does Staff agree that all of the \$3.95 million in costs are costs that should be  
21           allocated?**

22   A.    No, Staff does not. Staff reviewed the underlying invoices for the costs and determined  
23           that the company did not identify the costs as direct costs (i.e., costs that can be identified  
24           with a particular service) or indirect costs (costs that cannot be identified with a particular

---

<sup>2</sup> However, the Company’s response to data request MEM 4-1 indicated that \$33,732 was allocated to Black Mountain.

<sup>3</sup> This factor is based on the number of infrastructure facilities to total facilities (MEM 7.1)



1 service) consistent with the NARUC Guidelines for Cost Allocation and Affiliate  
2 Transactions. These guidelines require that the costs primarily attributable to a business  
3 operation should be, to the extent appropriate, directly assigned to that business operation.  
4

5 **Q. What amount of the \$3.95 million did Staff determine was attributable to (i.e., direct**  
6 **costs of) APIF or an affiliate?**

7 A. Based upon review of the actual supporting invoices provided by the Company, Staff  
8 determined that almost all of the costs were obviously attributable to the operations of the  
9 APIF or one of its affiliates, therefore Staff assigned 90 percent of the costs to APIF. The  
10 remaining ten percent recognizes that the other affiliates receive a benefit from the  
11 common costs, and therefore, should be allocated a percentage greater than zero.  
12

13 **Q. Does Staff agree that all of the \$3.95 million of expenses allocated from the**  
14 **unregulated affiliate are allowable costs?**

15 A. No, Staff does not. As shown on schedule CSB-12, Page 2, Staff identified \$191,828 in  
16 unallowable costs. For example, Staff identified \$68,350 for charitable contributions,  
17 \$5,066 for season tickets for hockey games, \$3,500 for Superbowl tickets, \$16,864 for  
18 gold watches and clocks; and \$33,000 for IRS taxes and penalties related to the affiliate's  
19 unregulated business operations.  
20

21 **Q. Does Staff agree with the Company's calculation of the factor to allocate common**  
22 **costs?**

23 A. No, Staff does not.  
24

25 **Q. What allocation formula did the Company use to allocate common costs?**

26 A. The Company used the following formula: 17 utilities / 63 total facilities = 26.98%.



1 **Q. Does Staff agree with the number of total facilities that the Company used in its**  
2 **formula?**

3 A. No, Staff does not. Staff attempted to match the number used in the formula to the  
4 information in the 2006 and 2007 Algonquin Power Income Fund Annual Reports;  
5 however, the numbers did not agree. The information in the 2006 and 2007 annual reports  
6 is as follows:  
7

Line No	Type of Facility	Year-End 2006	Year-End 2007	Average
1	Hydroelectric	48	41	44.5
2	Cogeneration – Equity Interest Only	2	2	2.0
3	Cogeneration – Own/Operate	3	3	3.0
4	Alternative Fuels – Equity Interest Only	3	3	3.0
5	Alternative Fuels – Own/Operate	14	5	9.5
6	Infrastructure (Water & Sewer)	15	17	16.0
7	<b>Total Number of Facilities</b>	<b>85</b>	<b>71</b>	<b>78</b>
8	<b>Allocation Percentage (1 / L7)</b>	<b>1.18%</b>	<b>1.42%</b>	<b>1.28%</b>

8  
9 **Q. What data should the Company use for its common cost allocation formula?**

10 A. Staff recommends that the year-end information per the Algonquin Power annual report be  
11 used to determine the number of total facilities. For test year purposes, the allocations  
12 made during the first six months of the test year (i.e., July to December 2007) should be  
13 based upon the year-end 2006 data and the allocations made during the last six months of  
14 the test year (i.e., January to June 2008) should be based upon the 2007 year-end data.  
15



1 Q. Did Staff prepare a schedule of its recommended common costs and allocation  
2 factor?

3 A. Yes, Staff's calculations are shown on Schedule CSB-12.  
4

5 Q. What is Staff's recommendation?

6 A. Staff recommends decreasing operating expense by \$24,492 to remove costs that were  
7 improperly allocated from the unregulated affiliate to the regulated affiliate as shown on  
8 Schedules CSB-11 and CSB-12.  
9

10 *Operating Income Adjustment No. 2 – Affiliate Increase*

11 Q. Did the Company include increases to affiliate costs that were not incurred in the test  
12 year?

13 A. Yes, the Company included \$50,302 for increases to affiliate expenses that were not  
14 incurred during the test year.  
15

16 Q. Did Staff perform an analysis to determine whether inclusion of the affiliate  
17 increases was justified?

18 A. Yes. Staff reviewed payroll and other relevant data and determined that the increases  
19 were not justified.  
20

21 Q. What is Staff's recommendation?

22 A. Staff recommends decreasing operating expense by \$50,302 to remove increases to  
23 affiliate expenses that were not incurred during the test year, as shown on Schedules CSB-  
24 11 and CSB-13.  
25



*Operating Income Adjustment No. 3 – Expensed Plant*

**Q. Did Black Mountain inappropriately record as operating expenses, costs that should have been capitalized and depreciated?**

A. Yes, as Staff discussed in Rate Base Adjustment No. 2, Expensed Plant, Black Mountain inappropriately recorded as operating expenses costs that according to the NARUC USOA and the matching principle should be capitalized and depreciated, as shown on Schedule CSB 14.

**Q. What treatment does Staff recommend for the Company's expensed plant costs?**

A. Staff recommends that the costs be treated consistent with the NARUC USOA and the matching principle. Staff recommends including these costs in rate base and excluding them from test year operating expenses.

**Q. What is Staff's recommendation?**

A. Staff recommends decreasing operating expenses by \$9,141, as shown on Schedules CSB-11 and CSB-14.

*Operating Income Adjustment No. 4 – Normalized Maintenance, Legal and Engineering Costs*

**Q. Has Staff prepared a schedule identifying operating expenses that should be normalized?**

A. Yes. Staff identified certain maintenance, legal and engineering expenses that should be adjusted, as shown on Schedule CSB-15.

**Q. What maintenance expense did Staff adjust?**

A. Staff adjusted the cost for the clean-up of a major sewage spill that was reported to the Arizona Department of Environment Quality and to the Commission. The cost of the spill



1 was \$39,870. Staff does not expect that the Company will incur this level of expense  
2 every year; therefore, Staff normalized the expense using a three-year period.  
3

4 **Q. What legal and engineering expense did Staff adjust?**

5 A. The Company's legal and engineering expense for the years ended June 30, 2006, 2007,  
6 and 2008, were \$5,503, \$4,639, and \$9,362, respectively. Because the test year expense  
7 increased by approximately 100 percent from the prior year and was abnormally high,  
8 Staff normalized the amount using a three-year period.  
9

10 **Q. What is Staff's recommendation?**

11 A. Staff recommends decreasing operating expenses by \$29,941, as shown on Schedules  
12 CSB-11 and CSB-15.  
13

14 *Operating Income Adjustment No. 5 – Bad Debt Expense*

15 **Q. Did the Company include a provision for bad debt in the test year expenses?**

16 A. Yes, Black Mountain included \$11,965 for bad debt expense in test year expenses, as  
17 shown on Schedule CSB-16.  
18

19 **Q. Did Staff analyze the revenues, bad debt provision, and actual bad debt write-offs for  
20 the test year?**

21 A. Yes. Staff determined that the Company had included \$5,926 in bad debt expense that  
22 was incurred in the years ended June 30, 2006 and 2007. Since this expense was not  
23 within the test year, Staff removed it.  
24



1 Q. What effect does recognizing the Company's proposed Bad Debt Expense have on  
2 the revenue requirement?

3 A. It increases the revenue requirement and allows recovery of an expense the Company did  
4 not experience in the test year.  
5

6 Q. What is Staff's recommendation?

7 A. Staff recommends decreasing operating expense by \$5,926, as shown on Schedules CSB-  
8 13 and CSB-16.  
9

10 *Operating Income Adjustment No. 6 – Rents, Building Expense*

11 Q. What did the Company propose for rents expense?

12 A. The Company proposed \$19,830 for rents expense, as shown on Schedule CSB-11. The  
13 expense was incurred for the office space located in Carefree.  
14

15 Q. What adjustment did Staff make to rents expense?

16 A. The test year included only six months of office expense. Staff calculated an annualized  
17 rents expense of \$36,864 by multiplying the new contract rate of \$3,072 per month (which  
18 included a price increase) by 12 months as shown on Schedule CSB-17. The owner of the  
19 office building is not an affiliate of Black Mountain.  
20

21 Q. What is Staff's recommendation?

22 A. Staff recommends increasing operating expenses by \$17,034, as shown on Schedules  
23 CSB-11 and CSB-17.  
24



*Operating Income Adjustment No. 7 – Transportation Expense*

**Q. What did the Company propose for transportation expense?**

A. The Company proposed \$34,445 for transportation expense, as shown on Schedule CSB-11. This level of transportation expense represents an increase of over 100 percent (or \$17,854) from the 2007 expense of \$16,592.

**Q. What was the primary cause of the increase?**

A. The primary cause of the increase was the cost of a new Chevrolet Silverado truck lease.

**Q. Was the truck lease signed by Black Mountain?**

A. No, the lease was signed by Gold Canyon, an affiliate.

**Q. Does Black Mountain maintain truck logs showing, among other things, the purpose of travel?**

A. No, Black Mountain does not maintain truck logs.

**Q. What adjustment did Staff make to transportation expense?**

A. Staff removed half the cost of the new truck lease by allocating a portion of the cost to Gold Canyon.

**Q. What is Staff's recommendation?**

A. Staff recommends decreasing operating expenses by \$5,375, as shown on Schedules CSB-11 and CSB-18.



*Operating Income Adjustment No. 8 – Testing Expense*

**Q. What did the Company propose for testing expense?**

**A.** The Company proposed \$16,955 for testing expense.

**Q. What adjustment did Staff make?**

**A.** As discussed in greater detail by Staff witness, Dorothy Hains, Staff adjusted wastewater testing expense to reflect Staff's calculation of \$14,362 in annual testing expenses based on the Company's Aquifer Protection Permit ("APP") No. 11175 monitoring requirements and the monitoring requirements in the Scottsdale Agreement.

**Q. What is Staff's recommendation?**

**A.** Staff recommends decreasing operating expense by \$2,593, as shown on Schedules CSB-10 and CSB-19.

*Operating Margin Adjustment No. 9 – Bonuses, Meals, and Other Expenses*

**Q. What is Black Mountain proposing for bonuses, meals, and other expenses?**

**A.** Black Mountain is proposing \$14,945 for bonuses, meals, and other expenses, as shown on Schedule CSB-20.

**Q. What ratemaking treatment does Staff recommend for these types of expenses?**

**A.** Since these costs are not necessary to provide service, Staff recommends that they be recognized as non-operating expenses and excluded from the revenue requirement.

**Q. What is Staff's recommendation?**

**A.** Staff recommends decreasing operating expense by \$14,945, as shown on Schedules CSB-10 and CSB-20.



1 *Operating Income Adjustment No. 10 – Depreciation Expense*

2 **Q. What is Black Mountain proposing for depreciation expense?**

3 A. Black Mountain is proposing depreciation expense of \$224,818.  
4

5 **Q. What adjustment did Staff make to depreciation expense?**

6 A. Staff adjusted depreciation expense to reflect application of the Staff-recommended  
7 depreciation rates to the Staff recommended plant balances.  
8

9 **Q. What is Staff's recommendation?**

10 A. Staff recommends increasing depreciation expense by \$10,041, as shown on Schedules  
11 CSB-11 and CSB-21.  
12

13 *Operating Income Adjustment No. 11 – Taxes Other Than Income Expense*

14 **Q. What did Black Mountain propose for Taxes Other Than Income Expense?**

15 A. Black Mountain proposed a negative \$1,780, as shown on Schedule CSB-11.  
16

17 **Q. Is the negative \$1,780 amount correct?**

18 A. No. The Company stated in response to a data request (MEM 1.58) that the amount  
19 should be zero.  
20

21 **Q. What is Staff's recommendation?**

22 A. Staff recommends increasing operating expense by \$1,780, as shown on Schedules CSB-  
23 11 and CSB-22.  
24



1 *Operating Income Adjustment No. 12 – Property Taxes*

2 **Q. What is Black Mountain proposing for Property Taxes?**

3 A. Black Mountain is proposing \$7,760 for property taxes.  
4

5 **Q. Did Staff make any adjustment to the Property Tax Expense?**

6 A. Yes. Staff's adjustment reflects Staff's calculation of the property tax expense using  
7 Staff's recommended revenues, as shown on Schedule CSB-23.  
8

9 **Q. What is Staff's recommendation?**

10 A. Staff recommends decreasing operating expense by \$5,179, as shown on Schedules CSB-  
11 11 and CSB-23.  
12

13 *Operating Income Adjustment No. 13 – Income Taxes*

14 **Q. What is the Company proposing for test year Income Tax Expense?**

15 A. Black Mountain is proposing \$7,760 for test year Income Tax Expense.  
16

17 **Q. Did Staff make any adjustments to test year Income Tax Expense?**

18 A. Yes. Staff's adjustment reflects Staff's calculation of the income tax expense based upon  
19 Staff's adjusted test year taxable income, as shown on Schedule CSB-24.  
20

21 **Q. What is Staff's recommendation?**

22 A. Staff recommends decreasing test year Income Tax Expense by \$14,370 as shown on  
23 Schedules CSB-11 and CSB-24.  
24



**PURCHASED WASTEWATER TREATMENT ADJUSTER MECHANISM**

**Q. Has Staff reviewed the Company's proposal for a Purchased Wastewater Treatment Adjuster Mechanism ("PWWAM")?**

**A. Yes.**

**Q. Does Staff agree with the Company's proposal?**

**A. No.** An adjuster is generally used when a particular expense represents a significantly large percentage of total operating expenses and is highly volatile. In the instant case, the Company estimates that increases in purchased wastewater treatment costs could be as much as \$20,000 higher than the annual amount included in test year revenues. For Black Mountain, this amount represents only 1.3 percent (i.e., \$20,000/\$1,533,104) of Staff's total recommended expenses.

**Q. What is Staff's recommendation?**

**A. Staff recommends denial of the Company proposed PWWAM.**

**OTHER MATTERS**

**Q. Did Staff notice a mathematical error on Schedule D-1?**

**A. Yes.** The Company added \$271,031 (line 13 of Sch D-1) to Stockholder's Equity rather than subtracting the amount.

**Q. Why should the number be subtracted?**

**A. The Company made a pro-forma adjustment to lower the Amortization of Contributions in Aid of Construction ("CIAC") by \$271,031 (Schedule B-2). Since amortization of CIAC reduces depreciation expense, then a lower amount of amortization of CIAC would cause depreciation expense to increase. A higher amount of depreciation expense results in a**



1 lower net income. A lower net income results in a lower amount of equity. Therefore, the  
2 amount should have been subtracted from actual test year equity rather than added.

3  
4 **Q. What is the correct amount of equity that should be shown on Schedule D-1?**

5 **A.** Schedule D-1 should shows equity in the amount of \$3,672,493 calculated as follows:

6

	Adjusted Test Year Per Company	Difference	Adjusted Test Year Per Staff
Actual Equity at 6/30/2008	\$3,772,970 (Sch E-1, L 30)		\$3,772,970 (Sch E-1, L 30)
Proforma Adj for Amort of CIAC	+ 271,031 (Sch D-1, L 13)	542,062	+ 271,031 (Sch D-1, L 13)
Proforma Adj for Deferred Taxes	<u>+ 170,554 (Sch D-1, L 14)</u>		<u>- 170,554 (Sch D-1, L 14)</u>
	\$4,214,556 (Sch D-1, L 8)	\$542,062	\$3,672,493 (Sch JCM-10)

7  
8 **Q. Does Staff Witness Juan Manrique use this corrected amount in Staff's cost of**  
9 **capital analysis?**

10 **A.** Yes, Staff witness, Juan Manrique, presents this number in JCM-10.

11  
12 **RATE DESIGN**

13 **Q. Has Staff prepared a schedule summarizing the present, Company proposed, and**  
14 **Staff recommended rates and service charges?**

15 **A.** Yes. Schedule CSB-25 provides a summary of the Company's present, Company's  
16 proposed, and Staff's recommended rates.

17  
18 **Q. Please summarize the present rate design.**

19 **A.** The present monthly customer charge for the residential customers is \$45.61 with no  
20 commodity charge. Regular commercial customers pay \$0.18298 per gallon per day of



1 sewer flow<sup>4</sup> and no monthly service charge. Special commercial customers pay only a  
2 monthly customer charge that varies by customer based on an estimate for each  
3 customer's sewer volume flow.  
4

5 **Q. Please summarize the Company's proposed rate design.**

6 A. The Company is proposing an approximate 56 percent increase for all residential and  
7 commercial customers, an approximate 100 percent increase for special rate commercial  
8 customers, and an approximate 23 percent increase for effluent customers.  
9

10 **Q. Please summarize Staff's recommended rate design.**

11 A. Staff recommends an approximate 30.58 percent increase for all residential, commercial,  
12 and effluent customers. Staff's rate design is presented in Schedule CSB-25.  
13

14 *Hook-up Fee*

15 **Q. Has Staff reviewed the Company's proposal for a Hook-up Fee?**

16 A. Yes.  
17

18 **Q. Does Staff agree with the Company's proposal?**

19 A. No, Staff does not agree, as discussed in greater detail by Staff witness, Dorothy Hains.  
20

21 **Q. What is Staff's recommendation?**

22 A. Staff recommends denial of the Company-proposed Hook-up fee.  
23

24 **Q. Does this conclude your Direct Testimony?**

25 A. Yes, it does.

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<sup>4</sup> Flow volume is based on the average daily flows set forth in the *Engineering Bulletin No. 12*, Table 1, published by the Arizona Department of Environmental Quality (June 1989).



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY FAIR VALUE	(B) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 3,723,245	\$ 3,602,336
2	Adjusted Operating Income (Loss)	\$ (84,484)	\$ 47,066
3	Current Rate of Return (L2 / L1)	-2.27%	1.31%
4	Required Rate of Return	12.80%	9.60%
5	Required Operating Income (L4 * L1)	\$ 476,575	\$ 345,824
6	Operating Income Deficiency (L5 - L2)	\$ 561,059	\$ 298,759
7	Gross Revenue Conversion Factor	1.6286	1.6172
8	Required Revenue Increase (L7 * L6)	\$ 913,780	\$ 483,140
9	Adjusted Test Year Revenue	\$ 1,580,170	\$ 1,580,170
10	Proposed Annual Revenue (L8 + L9)	\$ 2,493,950	\$ 2,063,310
11	Required Increase in Revenue (%)	57.83%	30.58%



GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 17)	38.1631%			
5	Subtotal (L3 - L4)	61.8369%			
6	Revenue Conversion Factor (L1 / L5)	1.617157			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 23)	37.4294%			
9	One Minus Combined Income Tax Rate (L7 - L8)	62.5706%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 55)	32.7429%			
16	Effective Federal Income Tax Rate (L14 x L15)	30.4614%			
17	Combined Federal and State Income Tax Rate (L13 + L16)		37.4294%		
<u>Calculation of Effective Property Tax Factor:</u>					
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	37.4294%			
20	One Minus Combined Income Tax Rate (L18-L19)	62.5706%			
21	Property Tax Factor (CSB-16, L21)	1.1726%			
22	Effective Property Tax Factor (L20*L21)		0.7337%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			38.1631%	
24	Required Operating Income (Schedule CSB-1, Line 5)	\$ 345,824			
25	Adjusted Test Year Operating Income (Loss) (Schedule CSB-11, Line 3)	47,066			
26	Required Increase in Operating Income (L24 - L25)		\$ 298,759		
27	Income Taxes on Recommended Revenue (Col. [E], L52)	\$ 172,106			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	(6,610)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		178,716		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	\$ 2,063,310			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)				
35	Property Tax with Recommended Revenue (CSB-16, Col B, L16)	\$ 32,900			
36	Property Tax on Test Year Revenue (CSB-16, Col A, L16)	27,235			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		5,665		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		\$ 483,140		
<u>Calculation of Income Tax:</u>					
39	Revenue (Schedule CSB-11, Col. [C], Line 5 & Sch. CSB-1, Col. [D] Li	Test Year \$ 1,580,170	Staff Recommended \$ 483,140		\$ 2,063,310
40	Operating Expenses Excluding Income Taxes	\$ 1,539,714			\$ 1,545,379
41	Synchronized Interest (L56)	\$ 72,047			\$ 72,047
42	Arizona Taxable Income (L39 - L40 - L41)	\$ (31,591)			\$ 445,884
43	Arizona State Income Tax Rate	6.9680%			6.9680%
44	Arizona Income Tax (L42 x L43)	\$ (2,201)			\$ 31,069
45	Federal Taxable Income (L42 - L44)	\$ (29,389)			\$ 414,815
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ (4,408)			\$ 7,500
47	Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ -			\$ 6,250
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -			\$ 8,500
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ -			\$ 91,650
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -			\$ 27,137
51	Total Federal Income Tax	\$ (4,408)			\$ 141,037
52	Combined Federal and State Income Tax (L44 + L51)	\$ (6,610)			\$ 172,106
53	Applicable Federal Income Tax Rate [Col. [E], L51 - Col. [B], L51] / [Col. [E], L45 - Col. [B], L45]			32.7429%	
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base (Schedule CSB-3, Col. (C), Line 17)	\$ 3,602,336			
55	Weighted Average Cost of Debt (Schedule CSB-17, Col. [F], L1 + L2)	2.0000%			
56	Synchronized Interest (L45 X L46)	\$ 72,047			



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Schedule CSB-3

RATE BASE - ORIGINAL COST

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	Adj. No.	(C) STAFF AS ADJUSTED
1	Plant in Service	\$ 11,357,735	1,2	\$ 11,630,653
2	Less: Accumulated Depreciation	5,625,025	3	5,614,154
3	Net Plant in Service	<u>\$ 5,732,710</u>		<u>\$ 6,016,499</u>
<u>LESS:</u>				
4	Contributions in Aid of Construction (CIAC)	\$ 5,232,139		\$ 5,232,139
5	Less: Accumulated Amortization	4,214,384		\$ 4,214,384
6	Net CIAC	<u>1,017,755</u>		<u>\$ 1,017,755</u>
7	Advances in Aid of Construction (AIAC)	1,457,009	4	1,733,994
8	Customer Deposits	94,290		94,290
9	Deferred Income Tax Credits	(170,554)		(170,554)
<u>ADD:</u>				
9	Deferred Regulatory Assets	389,035		389,035
10	Cash Working Capital	-	5	(127,713)
11	Original Cost Rate Base	<u>\$ 3,723,245</u>		<u>\$ 3,602,336</u>

References:

Column (A), Company Schedule B-1  
Column (B): Schedule MEM-4  
Column (C): Column (A) + Column (B)



SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1 Unrecorded Retirement & Addition Ref. Sch CSB-5	(C) ADJ #2 Expensed Plant Ref. Sch CSB-6	(D) ADJ #3 Accumulated Depreciation Ref. Sch CSB-7	(E) ADJ #4 AIAC Ref. Sch CSB-8	(F) ADJ #5 Cash Working Capital Ref. Sch CSB-9	(G) STAFF ADJUSTED
1		<u>PLANT IN SERVICE:</u>							
2	351	Organization							
3	352	Franchises							
4	353	Land and Land Rights	461,300						461,300
5	354	Structures and Improvements	2,557,920		2,300				2,560,220
6	355	Power Generation Equipment							
7	360	Collection Services - Force	706,292		1,600				707,892
8	361	Collection Services - Gravity	4,284,948						4,284,948
9	362	Special Collecting Structures							
10	363	Services to Customers	198,723						198,723
11	364	Flow Measuring Devices	31,512						31,512
12	365	Flow Measuring Installations	179,622						179,622
13	370	Receiving Wells	690,628	263,777	1,200				955,605
14	371	Effluent Pumping Equipment	654,844		2,803				657,647
15	380	Treatment and Disposal Equipment	143,578						143,578
16	381	Plant Sewers	123,289		1,238				124,527
17	382	Outfall Sewer Lines							
18	389	Other Plant & Misc. Equipment	939,432						939,432
19	390	Office Furniture & Equipment	224,587						224,587
20	391	Transportation Equipment	107,367						107,367
21	393	Tools, Shop & Garage Equipment	5,754						5,754
22	394	Laboratory Equipment	7,488						7,488
23	395	Power Operated Equipment							
24	396	Communication Equipment							
25	398	Other Tangible Plant	40,451						40,451
26									
27		Total Plant in Service	\$ 11,357,735	\$ 263,777	\$ 9,141	\$ -	\$ -	\$ -	\$ 11,630,653
28		Less: Accumulated Depreciation	5,625,025	-	-	(10,871)	-	-	5,614,154
29									
30		Net Plant in Service (L59 - L 60)	\$ 5,732,710	\$ 263,777	\$ 9,141	\$ 10,871	\$ -	\$ -	\$ 6,016,499
31									
32		<u>LESS:</u>							
33		Contributions in Aid of Construction (CIAC)							
34		Less: Accumulated Amortization	\$ 5,232,139	-	-	-	-	-	5,232,139
35		Net CIAC (L25 - L26)	4,214,384						4,214,384
36		Advances in Aid of Construction (AIAC)	1,017,755				276,985		1,017,755
37		Customer Deposits	1,457,009						1,733,994
38		Deferred Income Taxes	94,290						94,290
39			(170,554)						(170,554)
40									
41									
42		<u>ADD:</u>							
43		Deferred Reg Asset - Unamortized Balance of Scottsdale Treatment	389,035	-	-	-	-	(127,713)	389,035
44		Cash Working Capital							(127,713)
45									
46		Original Cost Rate Base	\$ 3,723,245	\$ 263,777	\$ 9,141	\$ 10,871	\$ (276,985)	\$ (127,713)	\$ 3,602,336



**RATE BASE ADJUSTMENT NO. 1 - UNRECORDED PLANT RETIREMENT  
AND PLANT ADDITION**

LINE NO.	Description	[A]		[B]		[C]	
		COMPANY AS FILED		ADJUSTMENTS		STAFF AS ADJUSTED Col A - Col B	
1	Account 370 - Receiving Wells	\$	690,628	\$	-	\$	690,628
2	Old Trade Center Lift Station		-		(13,208)		(13,208)
3	New Trade Center Lift Station		-	\$	276,985		276,985
4		\$	690,628	\$	263,777	\$	954,405

References:

Column A: Company Schedule B-2, Page 3

Column B: Testimony, CSB, Company Data Request Responses DH 2.4 and 2.5

Column C: Column [A] + Column [B]



**RATE BASE ADJUSTMENT NO. 2 - EXPENSED PLANT**

LINE NO.	Plant Account Number	Description	[A]	[B]	[C]
			COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED (Col A + Col B)
1	354	Structures and Improvemnts	\$ 461,300	\$ 2,300	\$ 463,600
2	360	Collection Services, Force	\$ 706,292	\$ 1,600	\$ 707,892
3	370	Receiving Wells	\$ 690,628	\$ 1,200	\$ 691,828
4	371	Effluent Pumping Equip	\$ 654,844	\$ 2,803	\$ 657,647
5	381	Plant Sewers	\$ 123,289	\$ 1,238	\$ 124,527
6		Total	\$ 2,636,353	\$ 9,141	\$ 2,645,494

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**FROM CONTRACTUAL SERVICES, LEGAL & ENGINEERING EXPENSE (MEM 1.55)**

Acct. No.	Vendor Name	Description	Amount
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354 - Structures & Improv	Consulting Land Surveyors	Locate existing and set new boundaries	\$ 1,500.00
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**FROM CONTRACTUAL SERVICES, OTHER EXPENSE (MEM 1.55)**

Acct. No.	Vendor Name	Description	Amount
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354 - Structures & Improv	Consulting Land Surveyors	Locate existing and set new boundaries	\$ 800.00
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360-Collection Srvcs, Force	ADEQ Approval to Construct	Certificate	\$ 1,600.00
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370-Receiveing Wells	ADEQ Approval to Construct	Certificate	\$ 1,200.00
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Subtotal	\$ 2,800.00
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371-Effluent Pumping Plant	Keller Equipment Company	Install submersible Pumps	\$ 1,212.00
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371-Effluent Pumping Plant	Keller Equipment Company	Set two pumps; pull one	\$ 1,591.25
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Subtotal	\$ 2,803.25
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381-Plant Sewers	KSK Electric	New cables, sand filters	\$ 1,237.72
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Total for Contractual Services, Other	\$ 7,640.97
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<b>Grand Total</b>	<b>\$ 9,140.97</b>
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References:

Column A: Company Schedule B-2, Page 3

Column B: Testimony, CSB, Company Data Request Responses MEM 1.55

Column C: Column [A] + Column [B]



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Schedule CSB-7  
Page 1 of 5

**RATE BASE ADJUSTMENT NO. 3 - ACCUMULATED DEPRECIATION**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Accumulated Depreciation	\$ 5,625,025	\$ (10,871)	\$ 5,614,154

References:

Column A: Company Schedule B-1, Page 1  
Column B: Testimony, CSB; Schedule CSB-7, Page 5 of 5  
Column C: Column [A] + Column [B]



PLANT AND ACCUMULATED DEPRECIATION  
With Staff Recommended Plant Adjustments

	Staff 31-Dec-04 Original Cost	Staff 31-Dec-04 Accumulated Depreciation	Depreciation Rates		2005 Additions	2005 Retirements	Depreciation Expense	2005 Total Cost	2005 Accumulated Depreciation
			Before Dec. 69164	After Dec. 69164					
351 Organization Cost	\$0	\$0	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0
352 Franchise Cost	\$0	\$0	0.00%	0.00%	\$0	0	\$0	0	0
353 Land & Land Rights	\$461,300	\$0	0.00%	0.00%	\$0	0	\$0	461,300	0
354 Structures & Improvements	\$1,239,905	\$888,015	5.00%	3.33%	\$54,645	0	\$61,598	1,294,549	949,613
355 Power Generation Equip	\$0	\$706	5.00%	5.00%	\$0	0	(\$706)	0	0
360 Collection Sewers, Force	\$568,413	\$154,483	5.00%	2.00%	\$89,562	0	\$29,127	657,976	183,610
361 Collection Sewers, Gravity	\$3,614,544	\$2,488,740	5.00%	2.00%	\$275,691	0	\$178,239	3,890,235	2,666,979
362 Special Collection Structures	\$0	\$0	5.00%	2.00%	\$0	0	\$0	0	0
363 Services	\$157,218	\$128,612	5.00%	2.00%	\$19,337	0	\$7,927	176,555	136,539
364 Flow Measuring Devices	\$39,829	\$23,004	5.00%	10.00%	(\$8,135)	0	\$1,937	31,694	24,941
365 Flow Measuring Installations	\$156,204	\$3,959	5.00%	10.00%	\$19,404	0	\$8,987	175,608	12,946
370 Receiving Wells	\$696,137	\$199,051	5.00%	3.33%	\$0	0	\$33,838	696,137	232,889
371 Effluent Pumping Equipment	\$453,558	\$244,706	5.00%	12.50%	\$11,119	0	\$25,825	464,677	270,531
380 Treatment & Disposal Equip	\$0	\$0	5.00%	5.00%	\$6,288	0	\$157	6,288	157
381 Plant Sewers	\$123,289	\$84,017	5.00%	5.00%	\$0	0	\$6,164	123,289	90,181
382 Outfall Sewer Lines	\$0	\$0	5.00%	3.33%	\$0	0	\$0	0	0
389 Other Plant & Misc. Equip	\$719,140	\$80,678	5.00%	6.67%	\$91,920	0	\$39,320	811,059	119,998
390 Office Furniture & Fixt	\$220,360	\$27,165	5.00%	6.67%	\$1,465	0	\$11,362	221,825	38,527
391 Transportation Equipment	\$87,811	\$7,642	5.00%	20.00%	\$0	0	\$5,488	87,811	13,130
393 Tools, Shop, & Garage Equip	\$0	\$0	5.00%	5.00%	\$0	0	\$0	0	0
394 Laboratory Equipment	\$7,280	\$352	5.00%	10.00%	\$209	0	\$400	7,488	751
395 Power Operated Equipment	\$0	\$0	5.00%	5.00%	\$0	0	\$0	0	0
396 Communication Equipment	\$0	\$0	5.00%	10.00%	\$0	0	\$0	0	0
398 Other Tangible Plant	\$0	\$0	5.00%	10.00%	\$0	0	\$0	0	0
2004/2005 Totals	\$8,544,987	\$4,331,129			\$561,504	\$0	\$409,663	\$9,106,491	\$4,740,792



PLANT AND ACCUMULATED DEPRECIATION  
With Staff Recommended Plant Adjustments

	2006 Additions Cost	2006 Retirements		Fully Depreciated	2006		2006 Total Cost	2006 Accumulated Depreciation	2006 Net Book Value
		Cost	Depreciation		Depr. Expense				
351 Organization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
352 Franchise Cost	0	0	0	0	0	0	0	0	0
353 Land & Land Rights	0	0	0	0	0	461,300	0	461,300	461,300
354 Structures & Improvements	3,625	0	0	0	43,169	1,298,174	992,782	305,392	305,392
355 Power Generation Equip	0	0	0	0	0	0	0	0	0
360 Collection Sewers, Force	3,592	0	0	0	13,195	661,568	196,805	464,763	464,763
361 Collection Sewers, Gravity	89,849	0	0	0	78,703	3,980,084	2,745,682	1,234,402	1,234,402
362 Special Collection Structures	0	0	0	0	0	0	0	0	0
363 Services	10,429	0	0	0	3,635	186,984	140,174	46,810	46,810
364 Flow Measuring Devices	(182)	0	0	0	3,160	31,512	28,101	3,411	3,411
365 Flow Measuring Installations	3,740	0	0	0	17,748	179,348	30,693	148,655	148,655
370 Receiving Wells	2,141	0	0	0	23,217	698,278	256,106	442,172	442,172
371 Effluent Pumping Equipment	44,676	0	0	0	60,877	509,353	331,408	177,945	177,945
380 Treatment & Disposal Equip	12,184	0	0	0	619	18,472	776	17,696	17,696
381 Plant Sewers	0	0	0	0	6,164	123,289	96,346	26,943	26,943
382 Outfall Sewer Lines	0	0	0	0	0	0	0	0	0
389 Other Plant & Misc. Equip	52,315	0	0	0	55,842	863,374	175,840	687,534	687,534
390 Office Furniture & Fixtures	0	0	0	0	14,796	221,825	53,323	168,502	168,502
391 Transportation Equip	0	0	0	0	17,562	87,811	30,692	57,119	57,119
393 Tools, Shop, & Garage Equip	0	0	0	0	0	0	0	0	0
394 Laboratory Equipment	0	0	0	0	749	7,488	1,500	5,988	5,988
395 Power Operated Equip	0	0	0	0	0	0	0	0	0
396 Communication Equipment	0	0	0	0	0	0	0	0	0
398 Other Tangible Plant	0	0	0	0	0	0	0	0	0
2006 Totals	\$222,369	\$0	\$0	\$0	\$339,437	\$9,328,860	\$5,080,229	\$4,248,631	\$4,248,631



PLANT AND ACCUMULATED DEPRECIATION  
 With Staff Recommended Plant Adjustments

2007	Additions	2007 Retirements		Fully Depreciated	2007 Depr. Expense	2007 Total Cost	2007 Accumulated Depreciation	2007 Net Book Value
		Cost	Depreciation					
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
351 Organization Cost	0	0	0	0	0	0	0	0
352 Franchise Cost	0	0	0	0	0	461,300	0	461,300
353 Land & Land Rights	0	0	0	0	0	1,279,322	1,035,697	243,625
354 Structures & Improvements	(18,852)	0	0	0	42,915	0	0	0
355 Power Generation Equip	0	0	0	0	0	0	0	0
360 Collection Sewers, Force	32,466	0	0	0	13,556	694,034	210,361	483,673
361 Collection Sewers, Gravity	178,995	0	0	0	81,392	4,159,079	2,827,073	1,332,006
362 Special Collection Structures	0	0	0	0	0	0	0	0
363 Services	0	0	0	0	3,740	186,984	143,914	43,070
364 Flow Measuring Devices	0	0	0	0	3,151	31,512	31,253	259
365 Flow Measuring Installations	0	0	0	0	17,935	179,348	48,628	130,720
370 Receiving Wells	0	0	0	0	23,253	698,278	279,359	418,919
371 Effluent Pumping Equipment	69,428	0	0	0	68,008	578,781	399,417	179,364
380 Treatment & Disposal Equip	4,387	0	0	0	1,033	22,859	1,809	21,050
381 Plant Sewers	0	0	0	0	6,164	123,289	102,510	20,779
382 Outfall Sewer Lines	0	0	0	0	0	0	0	0
389 Other Plant & Misc. Equip	(158)	0	0	0	57,582	863,216	233,422	629,794
390 Office Furniture & Fixt	2,763	0	0	0	14,888	224,588	68,211	156,377
391 Transportation Equip	19,556	0	0	0	19,518	107,367	50,210	57,157
393 Tools, Shop, & Garage Equip	3,493	0	0	0	87	3,493	87	3,406
394 Laboratory Equipment	0	0	0	0	749	7,488	2,249	5,239
395 Power Operated Equip	0	0	0	0	0	0	0	0
396 Communication Equipment	0	0	0	0	0	0	0	0
398 Other Tangible Plant	0	0	0	0	0	0	0	0
2007 Totals	\$292,078	\$0	\$0	\$0	\$353,971	\$9,620,938	\$5,434,200	\$4,186,738



PLANT AND ACCUMULATED DEPRECIATION  
 With Staff Recommended Plant Adjustments

	2008 Additions Cost	Six Months						2008 Net Book Value
		2008 Retirements		Fully Depreciated	2008 Depr. Expense	2008 Total Cost	2008 Accumulated Depreciation	
		Cost	Depreciation					
351 Organization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
352 Franchise Cost	0	0	0	0	0	0	0	
353 Land & Land Rights	0	0	0	0	461,300	0	461,300	
354 Structures & Improvements	1,280,897	0	0	0	31,964	2,560,219	1,492,558	
355 Power Generation Equip	0	0	0	0	0	0	0	
360 Collection Sewers, Force	13,858	0	0	0	7,010	707,892	490,521	
361 Collection Sewers, Gravity	125,870	0	0	0	42,220	4,284,949	1,415,656	
362 Special Collection Structures	0	0	0	0	0	0	0	
363 Services	11,739	0	0	0	1,929	198,723	52,880	
364 Flow Measuring Devices	0	0	0	0	1,576	31,512	(1,316)	
365 Flow Measuring Installations	274	0	0	0	8,974	179,622	122,020	
370 Receiving Wells	278,418	21,091	21,091	0	13,769	955,605	683,569	
371 Effluent Pumping Equipment	78,867	0	0	0	38,638	657,648	219,593	
380 Treatment & Disposal Equip	120,719	0	0	0	2,080	143,578	139,688	
381 Plant Sewers	1,238	0	0	0	3,098	124,527	18,919	
382 Outfall Sewer Lines	0	0	0	0	0	0	0	
389 Other Plant & Misc. Equip	76,216	0	0	0	30,059	939,432	675,951	
390 Office Furniture & Fixt	0	0	0	0	7,490	224,588	148,887	
391 Transportation Equip	0	0	0	0	10,737	107,367	46,421	
393 Tools, Shop, & Garage Equip	2,262	0	0	0	116	5,755	5,552	
394 Laboratory Equipment	0	0	0	0	374	7,488	4,865	
395 Power Operated Equip	0	0	0	0	0	0	0	
396 Communication Equipment	40,451	0	0	0	1,011	40,451	39,440	
398 Other Tangible Plant	0	0	0	0	0	0	0	
2008 Totals	\$2,030,809	\$21,091	\$21,091	\$0	\$201,045	\$11,630,656	\$6,016,502	



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Schedule CSB-8

**RATE BASE ADJUSTMENT NO. 4 - ADVANCES IN AID OF CONSTRUCTION ("AIAC")**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Advances in Aid of Construction	\$ 1,457,009	\$ 276,985	\$ 1,733,994

References:

Column A: Company Schedule B-1, Page 1  
Column B: Testimony, CSB, Company Data Request Responses DH 2.4 and 2.5  
Column C: Column [A] + Column [B]



RATE BASE ADJUSTMENT NO. 5 - CASH WORKING CAPITAL

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED

1	Cash Working Capital	\$ -	\$ (127,713)	\$ (127,713)
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2

3

4

5 **Calculation of Cash Working Capital**

Description	Amount
-------------	--------

7 Average Expense Lag 43.74 From Line 21

8 Average Revenue Collection Lag 7.83 See Note 1

9 Excess Expenses Over Revenue Lag (35.91) Line 8 - Line 7

10 Total Expenses less Depr Exp \$ 1,298,245 From Line 27

11 Cash Working Capital Requirement \$ (127,713) (Line 9 x Line 10) / 365

12

13

14

15 **Calculation of Average Expense Lag**

Description	Lag Days	Amount	Dollar Days
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17 Oper Exp Less Depr 45 \$ 1,243,555 \$ 55,959,976 Lag Days x Amount = Dollar Days

18 Purchased Power 15 \$ 54,690 \$ 820,350 Lag Days x Amount = Dollar Days

19 Total \$ 1,298,245 \$ 56,780,326

20

21 Average Expense Lag 43.74 Total Dollar Days / Total Amount

22

23

24 **Summary of Staff Recommended Operating Expenses**

25 Operating Expenses Less Depr & Pur Pumping Pwr \$ 1,243,555 From CSB-12 Inc Stmt

26 Purchased Pumping Power \$ 54,690 From CSB-12 Inc Stmt

27 Subtotal \$ 1,298,245

28 Depreciation Expense \$ 234,859 From CSB-12 Inc Stmt

29 Total Staff Recommended Operating Expenses \$ 1,533,104 From CSB-12 Inc Stmt

30

31 **Note 1:**

32 Source: Residential Utility Office's ("RUCO") Direct testimony of Marylee Diaz Cortez, CPA,

33 Schedule MDC-6, Pages 1 and 2 of Docket No. SW-02361A-05-0657.

References:

Column A: Company Schedule B-1

Column B: Testimony, CSB

Column C: Column [A] + Column [B]



OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY ADJUSTED TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	Adj. No.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
1	<u>REVENUES:</u>						
2	Flat Rate Revenues	\$ 1,557,337	\$ -		\$ 1,557,337	\$ 483,140	\$ 2,040,477
3	Measured Revenues	15,917	-		15,917	-	15,917
4	Other Wastewater Revenues	6,916	-		6,916	-	6,916
5	Intentionally Left Blank	-	-		-	-	-
6	Total Operating Revenues	\$ 1,580,170	\$ -		\$ 1,580,170	\$ 483,140	\$ 2,063,310
7							
8	<u>OPERATING EXPENSES:</u>						
9	Salaries and Wages	\$ -	\$ -		\$ -	\$ -	\$ -
10	Purchased Wastewater Treatment	335,255	-		335,255	-	335,255
11	Sludge Removal Expense	706	-		706	-	706
12	Purchased Power	54,690	-		54,690	-	54,690
13	Fuel for Power Production	928	-		928	-	928
14	Chemicals	37,489	-		37,489	-	37,489
15	Materials & Supplies	11,224	-		11,224	-	11,224
16	Contractual Services, Legal&Engr	9,362	(4,861)	3,4	4,501	-	4,501
17	Contractual Services - Other	553,043	(123,960)	1,2,3,4,9	429,083	-	429,083
18	Contractual Services - Testing	16,955	(2,593)	8	14,362	-	14,362
19	Equipment Rental	1,863	-		1,863	-	1,863
20	Rents - Building	19,830	17,034	6	36,864	-	36,864
21	Transportation	34,445	(5,375)	7	29,070	-	29,070
22	General Liability Insurance	18,704	-		18,704	-	18,704
23	Insurance - Other	990	-		990	-	990
24	Regulatory Commission/Rate Case Expense	60,000	-		60,000	-	60,000
25	Miscellaneous Expense	20,845	-		20,845	-	20,845
26	Bad Debt Expense	11,962	(4,067)	5	7,895	-	7,895
27	Scottsdale Capacity (Operating Lease)	164,522	-		164,522	-	164,522
28	Amort. Of Addit'l Scottsdale Capacity	48,629	-		48,629	-	48,629
29	Depreciation	224,818	10,041	10	234,859	-	234,859
30	Taxes other than Income	(1,780)	1,780	11	-	-	-
31	Property Taxes	32,414	(5,179)	12	27,235	5,665	32,900
32	Income Taxes	7,760	(14,370)	13	(6,610)	178,716	172,106
33	Intentionally Left Blank	-	-		-	-	-
34	Total Operating Expenses	\$ 1,664,654	\$ (131,550)		\$ 1,533,104	\$ 184,381	\$ 1,717,485
35	Operating Income (Loss)	\$ (84,484)	\$ 131,550		\$ 47,066	\$ 298,759	\$ 345,824

References:

Column (A): Company Schedule C-1  
Column (B): Schedule MEM-13  
Column (C): Column (A) + Column (B)  
Column (D): Schedules MEM-1 and MEM-2  
Column (E): Column (C) + Column (D)



SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) Corporate Expense Allocation ADJ #1	(C) Affiliate Increase ADJ #2	(D) Expensed Plant ADJ #3	(E) Normalized Maint., Legal & Engr. Expenses ADJ #4	(F) Bad Debt Expense ADJ #5	(G) Rents Expense ADJ #6	(H) Transportation Expense ADJ #7	(I) Testing Expense ADJ #8	(J) Bonuses, Meals, and Other Expenses ADJ #9	(K) Depreciation Expense ADJ #10	(L) Taxes Other Than Income Exp ADJ #11	(M) Property Tax Expense ADJ #12	(N) Income Tax Expense ADJ #13	(O) STAFF ADJUSTED
1	REVENUES:															
2	Flat Rate Revenues	\$1,557,337	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$1,557,337
3	Measured Revenues	15,917	-	-	-	-	-	-	-	-	-	-	-	-	-	15,917
4	Other Wastewater Revenues	6,916	-	-	-	-	-	-	-	-	-	-	-	-	-	6,916
5	Intentionally Left Blank															
6	Total Operating Revenues	\$1,580,170	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$1,580,170
7																
8	OPERATING EXPENSES:															
9	Salaries and Wages	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
10	Purchased Wastewater Tmmt	335,255	-	-	-	-	-	-	-	-	-	-	-	-	-	335,255
11	Sudge Removal Expense	706	-	-	-	-	-	-	-	-	-	-	-	-	-	706
12	Purchased Power	54,690	-	-	-	-	-	-	-	-	-	-	-	-	-	54,690
13	Fuel for Power Production	928	-	-	-	-	-	-	-	-	-	-	-	-	-	928
14	Chemicals	37,489	-	-	-	-	-	-	-	-	-	-	-	-	-	37,489
15	Materials & Supplies	11,224	-	-	-	-	-	-	-	-	-	-	-	-	-	11,224
16	Contractual Services - Legal&Eng	9,362	-	-	-	(3,361)	-	-	-	-	-	-	-	-	-	4,501
17	Contractual Services - Other	563,043	(24,492)	(50,302)	(1,500)	(26,580)	-	-	-	-	(14,945)	-	-	-	-	429,083
18	Contractual Services - Testing	16,955	-	-	(7,641)	-	-	-	-	(2,593)	-	-	-	-	-	14,362
19	Equipment Rental	1,863	-	-	-	-	-	-	-	-	-	-	-	-	-	1,863
20	Rents - Building	19,830	-	-	-	-	-	-	-	-	-	-	-	-	-	19,830
21	Transportation	34,445	-	-	-	-	-	17,034	(5,375)	-	-	-	-	-	-	29,070
22	General Liability Insurance	18,704	-	-	-	-	-	-	-	-	-	-	-	-	-	18,704
23	Insurance - Other	990	-	-	-	-	-	-	-	-	-	-	-	-	-	990
24	Reg Comm/Rate Case Expense	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60,000
25	Miscellaneous Expense	20,845	-	-	-	-	-	-	-	-	-	-	-	-	-	20,845
26	Bad Debt Expense	11,962	-	-	(4,067)	-	-	-	-	-	-	-	-	-	-	7,895
27	Scottdale Cap (Operating Lease)	164,522	-	-	-	-	-	-	-	-	-	-	-	-	-	164,522
28	Addtl Scottdale Capacity Amort	48,629	-	-	-	-	-	-	-	-	-	-	-	-	-	48,629
29	Depreciation	224,818	-	-	-	-	-	-	-	-	-	10,041	-	-	-	234,859
30	Taxes other than Income	(1,780)	-	-	-	-	-	-	-	-	-	-	1,780	(5,179)	-	27,235
31	Property Taxes	32,414	-	-	-	-	-	-	-	-	-	-	-	-	-	32,414
32	Income Taxes	7,760	-	-	-	-	-	-	-	-	-	-	-	-	-	7,760
33	Intentionally Left Blank															
34	Total Operating Expenses	\$1,664,654	(24,492)	(50,302)	(9,141)	(29,941)	(4,067)	17,034	(5,375)	(2,593)	(14,945)	10,041	1,780	(5,179)	(14,370)	\$1,533,104
35	Operating Income (Loss)	\$ (84,484)	\$ 24,492	\$ 50,302	\$ 9,141	\$ 29,941	\$ 4,067	\$ (17,034)	\$ 5,375	\$ 2,593	\$ 14,945	\$ (10,041)	\$ (1,780)	\$ 5,179	\$ 14,370	\$ 47,066



**OPERATING INCOME ADJUSTMENT NO. 1 - EXPENSE ALLOCATIONS  
FROM UNREGULATED AFFILIATE**

LINE NO.	DESCRIPTION	[A]		[B]		[C]	
		COMPANY AS FILED		STAFF ADJUSTMENTS (Col C - Col A)		STAFF AS ADJUSTED	
1	Contractual Services - Other	\$ 527,099		\$ -		\$ 527,099	
2	Corporate Expense Allocation	25,944		(24,492)		1,452	
3	Total Contractual Services - Other	\$ 553,043		\$ (24,492)		\$ 528,551	
4							
5							
6							
7							
8							
9							
10							
11							
12							
13	Rent	\$ 430,739	\$ -	\$ (430,739)	\$ -	1.28%	\$ -
14	Audit <sup>1</sup>	\$ 507,000	\$ -	\$ (456,300)	\$ 50,700	1.28%	\$ 650.00
15	Tax Services <sup>2</sup>	\$ 265,000	\$ -	\$ (238,500)	\$ 26,500	1.28%	\$ 339.74
16	Legal-General <sup>3</sup>	\$ 300,000	\$ -	\$ (284,400)	\$ 15,600	1.28%	\$ 200.00
17	Other Professional Services	\$ 455,000	\$ -	\$ (455,000)	\$ -	1.28%	\$ -
18	Management Fee	\$ 636,619	\$ -	\$ (636,619)	\$ -	1.28%	\$ -
19	Unit Holder Communications	\$ 314,100	\$ -	\$ (314,100)	\$ -	1.28%	\$ -
20	Trustee Fees	\$ 204,000	\$ -	\$ (204,000)	\$ -	1.28%	\$ -
21	Office Costs	\$ 254,100	\$ (46,186)	\$ (207,914)	\$ -	1.28%	\$ -
22	Licenses/Fees and Permits	\$ 305,000	\$ (145,642)	\$ (159,358)	\$ -	1.28%	\$ -
23	Escrow and Transfer Fees	\$ 75,000	\$ -	\$ (75,000)	\$ -	1.28%	\$ -
24	Depreciation Expense <sup>4</sup>	\$ 204,242	\$ -	\$ (183,818)	\$ 20,424	1.28%	\$ 261.85
25		\$ 3,950,800	\$ (191,828)	\$ (3,645,748)	\$ 113,224		\$ 1,451.59
26							
27							

**COSTS TO BE ALLOCATED TO BLACK MOUNTAIN**

- 28 Foot Note 1: Audit - As the parent company's lenders require the APIF to have annual financial audits, Staff assigned the majority of the cost (i.e., 90 percent) to APIF and the remaining 10 percent to its 78 companies/interests.
- 31 Foot Note 2: Tax Services - Given the tax complexity of the APIF's many holdings and transactions, Staff assigned the majority of the cost (i.e., 90 percent) to APIF and the remaining 10 percent to its 78 companies/interests.
- 34 Foot Note 3: Legal, General - Staff reviewed the legal invoices and found that the very large majority of the legal invoices pertained to the APIF. Staff identified only one invoice that specifically related to Black Mountain. The cost indicated on the invoice that was directly related to Black Mountain was approximately \$200.
- 38 Foot Note 4: Depreciation Expense - Given that most of APIF's plant costs benefit primarily APIF, Staff assigned the majority of the cost (i.e., 90 percent) to APIF and the remaining 10 percent to its 78 companies/interests.
- 41 Foot Note 5: Allocation Percentage - Calculated as follows: 1 / 78 companies = 1.28%. The 78 companies represents the average of the year-end 2006, 85 companies, and year-end 2007, 71 companies.

References:

Column A: Company Schedule E-5

Column B: Testimony, CSB, Company Data Request Responses CSB 1.45

Column C: Column [A] + Column [B]



LINE NO.	Category	Description of Unallowable Cost	Amount
1	Office Fees and Expenses	Wind Analysis & Planning Software	\$15,056
3	Office Fees and Expenses	Gold Watches and Clocks	\$16,864
4	Office Fees and Expenses	Pilsner Beer Glasses	\$5,700
5	Office Fees and Expenses	Leafs-Raptors Season Tickets	\$5,066
6	Office Fees and Expenses	Super Bowl XLII Tickets	\$3,500
7		<b>Subtotal for Office Expenses</b>	<b>\$46,186</b>
8			
9	Licenses and Fees	Donation - Wind Project Develop	\$25,000
10	Licenses and Fees	Donation - Water Project in Africa	\$25,000
11	Licenses and Fees	Donation - Cancer Society	\$13,350
12	Licenses and Fees	Donation - Multiple Myeloma	\$5,000
13	Licenses and Fees	Wind Development	\$7,887
14	Licenses and Fees	U.S. Trustee	\$9,375
15	Licenses and Fees	St. Leon Wind Energy	\$12,556
16	Licenses and Fees	Algonquin Power Fund Inc Taxes	\$6,891
17	Licenses and Fees	Algonquin Power Fund Inc Taxes	\$6,794
18	Licenses and Fees	Tax Ruling Request for KMS America & Subs	\$10,000
19	Licenses and Fees	Algonquin Power Fund Inc Taxes	\$23,789
20		<b>Subtotal for Licenses &amp; Fees</b>	<b>\$145,642</b>



OPERATING INCOME ADJUSTMENT NO. 2 - AFFILIATE INCREASE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS (Col C - Col A)	STAFF AS ADJUSTED
1	Contractual Services - Other	\$ 452,439	\$ -	\$ 452,439
2	Affiliate Increase	50,302	(50,302)	-
3	Total Contractual Services - Other	\$ 502,741	\$ (50,302)	\$ 452,439
4				
5				
6				

References:

Column A: Company Schedule C-2, Page 1, Adjustment No. 11

Column B: Testimony, CSB; Company Data Request Responses to MEM 1.28, CSB 9.5, 9.6, 9.8

Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 3 - EXPENSED PLANT

LINE NO.	Description	[A]		[B]		[C]	
		COMPANY AS FILED		STAFF ADJUSTMENTS		STAFF AS ADJUSTED (Col A + Col B)	
1	Contractual Services, Legal and Engineering Exp	\$	9,362	\$	(1,500)	\$	7,862
2	Contractual Services, Other Expense	\$	553,043	\$	(7,641)	\$	545,402
3		\$	-				
4		\$	-				
5		\$	-				
6	Total	\$	562,405	\$	(9,141)	\$	553,264

PLANT COSTS REMOVED FROM CONTRACTUAL SERVICES, LEGAL & ENGINEERING EXPENSE (MEM 1.55)

Acct. No.	Vendor Name	Description	Amount
354 - Structures & Improv	Consulting Land Surveyors	Locate existing and set new boundaries	\$ 1,500.00

PLANT COSTS REMOVED FROM CONTRACTUAL SERVICES, OTHER EXPENSE (MEM 1.55)

Acct. No.	Vendor Name	Description	Amount
354 - Structures & Improv	Consulting Land Surveyors	Locate existing and set new boundaries	\$ 800.00

360-Collection Svcs, Force	ADEQ Approval to Construct	Certificate	\$ 1,600.00
370-Receiving Wells	ADEQ Approval to Construct	Certificate	\$ 1,200.00
Subtotal			\$ 2,800.00

371-Effluent Pumping Plant	Keller Equipment Company	Install submersible Pumps	\$ 1,212.00
371-Effluent Pumping Plant	Keller Equipment Company	Set two pumps; pull one	\$ 1,591.25
Subtotal			\$ 2,803.25

381-Plant Sewers	KSK Electric	New cables, sand filters	\$ 1,237.72
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Total for Contractual Services, Other \$ 7,640.97

Grand Total \$ 9,140.97

References:

Column A: Company Schedule B-2, Page 3

Column B: Testimony, CSB, Company Data Request Responses MEM 1.55

Column C: Column [A] + Column [B]



## OPERATING INCOME ADJUSTMENT NO. 4 - NORMALIZED MAINTENANCE, LEGAL, &amp; ENGINEERING EXPENSES

LINE NO.		[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Contractual Services - Other	\$ 462,871	\$ (26,580)	\$ 489,451
2	Contractual Services, Legal and Engr.	9,362	(3,361)	9,362
3		\$ 472,233	\$ (29,941)	\$ 498,813
4				
5				[D]
6				Normalized
7				Maintenance Expense
8				(MEM 1.55)
9			Cost of Sewer Spill	\$ 39,870
10			Divided by 3 Years	3
11			Normalized Cost for Sewer Spill	\$ 13,290
12				
13			Normalized Cost for Sewer Spill	\$ 13,290
14			Less: Cost for Sewer Spill	\$ 39,870
15			Staff's Adjustment	(26,580)
16				
17				
18				
19	[E]	[F]	[G]	[H]
20	Year	Contractual Services	Land Surveying	Normalized
21	Company Schedule E-2	Legal & Engr	Costs Capitalized	Legal & Engr. Exp
22			(Sch CSB-14)	(Col E + Col F)
23	6/30/2006	\$ 5,503	\$ -	\$ 5,503
24	6/30/2007	\$ 4,639	\$ -	\$ 4,639
25	6/30/2008	\$ 9,362	\$ (1,500)	\$ 7,862
26				\$ 18,004
27			Divided by 3 Years	3
28			Normalized Legal and Engineering Expense	\$ 6,001
29				
30			Normalized Legal and Engineering Expense	\$ 6,001
31			Less: Legal and Engineering Expense	\$ 9,362
32			Staff's Adjustment	(3,361)

## References:

Column A: Company Schedule C-1

Column B: Testimony, CSB, Company Data Request Response MEM 1.55, Company Schedule E-2

Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 5 - BAD DEBT EXPENSE

LINE NO.		[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Bad Debt Expense - Test Year	\$ 7,898	\$ -	\$ 7,898
2	Bad Debt Expense Not Incurred in Test Year	\$ 4,067	\$ (4,067)	\$ -
3	Total Bad Debt Expense	\$ 11,965	\$ (4,067)	\$ 7,898
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14				
15				
16				

	[D]	[E]
	Year	Bad Debt Expense
	6/30/2006	\$ 2,240
	6/30/2007	\$ 1,757
	Amount to Reconcile G/L to Actual Write-offs	\$ 70
	Bad Debt Expense Not Incurred in Test Year	\$ 4,067
	6/30/2008	\$ 7,898
	Bad Debt Expense per Company	\$ 11,965

References:

Column A: Company Schedule C-1  
Column B: Testimony, CSB, Company Schedule E-2  
Column C: Column [A] + Column [B]



		[A]	[B]	[C]
LINE NO.		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Rents, Building (1/1/2008 to 6/30/2008)	\$ 19,830	\$ -	\$ 19,830
2	Annualization Adjustment	-	17,034	17,034
3	Total Contractural Services - Other	\$ 19,830	\$ 17,034	\$ 36,864
4				
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12				
13				
14				
15				
16				
17				
18				

		[D]
		Rents, Building Expense (CSB 10.11)
	Office Rent	\$ 2,368
	Utilities	600
	Taxes	104
	Total	\$ 3,072
	Multiplied by 12 months	12
		\$ 36,864
	Test Year Rents, Building Expense	\$ 19,830
	Annualization Adjustment	\$ 17,034

Column A: Company Schedule C-1  
Column B: Testimony, CSB, Company Data Request Response CSB 10.11  
Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 7 - TRANSPORTATION EXPENSE

LINE NO.		[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Transportation Expense	\$ 23,695	\$ -	\$ 23,695
2	2007 Chevrolet Silverado Lease Cost	10,750	(5,375)	5,375
3	Total Contractual Services - Other	\$ 34,445	\$ (5,375)	\$ 29,070

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14  
15

[D]

Transportation Expense (MEM 1.55)
---

Annual Lease Expense for 2007	\$ 10,750	
Multiplied by	50.00%	Split Between Black Mtn and Litchfield Park
<b>Black Mountain's Allocated Costs</b>	\$ 5,375	

References:

- Column A: Company Schedule C-1
- Column B: Testimony, CSB, Company Data Request Response MEM 1.55 and CSB 10.4
- Column C: Column [A] + Column [B]



## BLACK MOUNTAIN SEWER CORPORATION

Docket No. SW-02361A-08-0609

Test Year Ended June 30, 2008

Schedule CSB-19

## OPERATING INCOME ADJUSTMENT NO. 8 - TESTING EXPENSE

LINE		[A]	[B]	[C]
NO.	DESCRIPTION	COMPANY	STAFF	STAFF
		PROPOSED	ADJUSTMENTS	RECOMMENDED
1	Testing Expense	\$ 16,955	\$ (2,593)	\$ 14,362

References:

Column A: Company Schedule C-1

Column B: Testimony, CSB, Staff Engineering Report Executive Summary

Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 9 - BONUSES, MEALS, & OTHER EXPENSES

LINE NO.		[A]		[B]		[C]	
		COMPANY AS FILED		STAFF ADJUSTMENTS		STAFF AS ADJUSTED	
1	Contractual Services - Other	\$	487,796	\$	-	\$	487,796
2	Bonuses, Meals, Beverages, Etc.		14,945		(14,945)		-
3	Total Contractual Services - Other	\$	502,741	\$	(14,945)	\$	487,796
4							
5							
6							
7			Bonuses	\$	13,460		MEM 1.24
8			Meals		526		CSB 10.3
9			Beverages		907		MEM 1.55
10			Charitable Contributions		52		MEM 1.46
11				\$	14,945		

References:

Column A: Company Schedule C-1

Column B: Testimony, CSB, Company Data Request Response MEM 1.24, 1.46, 1.55, CSB 10.3

Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 10 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A] PLANT In SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated PLANT	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	351	Organization	\$ -	\$ -	\$ -	0.00%	\$ -
2	352	Franchises	\$ -	\$ -	\$ -	0.00%	\$ -
3	353	Land and Land Rights	\$ 461,300	\$ 461,300	\$ -	0.00%	\$ -
4	354	Structures and Improvements	\$ 2,560,220	\$ -	\$ 2,560,220	3.33%	\$ 85,255
5	355	Power Generation Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
6	360	Collection Services - Force	\$ 707,892	\$ -	\$ 707,892	2.00%	\$ 14,158
7	361	Collection Services - Gravity	\$ 4,284,948	\$ -	\$ 4,284,948	2.00%	\$ 85,699
8	362	Special Collecting Structures	\$ -	\$ -	\$ -	2.00%	\$ -
9	363	Services to Customers	\$ 198,723	\$ -	\$ 198,723	2.00%	\$ 3,974
10	364	Flow Measuring Devices	\$ 31,512	\$ -	\$ 31,512	10.00%	\$ 3,151
11	365	Flow Measuring Installations	\$ 179,622	\$ -	\$ 179,622	10.00%	\$ 17,962
12	370	Receiving Wells	\$ 955,605	\$ -	\$ 955,605	3.33%	\$ 31,822
13	371	Effluent Pumping Equipment	\$ 657,647	\$ -	\$ 657,647	12.50%	\$ 82,206
14	380	Treatment and Disposal Equipment	\$ 143,578	\$ -	\$ 143,578	5.00%	\$ 7,179
15	381	Plant Sewers	\$ 124,527	\$ -	\$ 124,527	5.00%	\$ 6,226
16	382	Outfall Sewer Lines	\$ -	\$ -	\$ -	3.33%	\$ -
17	389	Other Plant & Misc. Equipment	\$ 939,432	\$ -	\$ 939,432	6.67%	\$ 62,660
18	390	Office Furniture & Equipment	\$ 224,587	\$ -	\$ 224,587	6.67%	\$ 14,980
19	391	Transportation Equipment	\$ 107,367	\$ -	\$ 107,367	20.00%	\$ 21,473
20	393	Tools, Shop & Garage Equipment	\$ 5,754	\$ -	\$ 5,754	5.00%	\$ 288
21	394	Laboratory Equipment	\$ 7,488	\$ -	\$ 7,488	10.00%	\$ 749
22	395	Power Operated Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
23	396	Communication Equipment	\$ 40,451	\$ -	\$ 40,451	10.00%	\$ 4,045
24	398	Other Tangible Plant	\$ -	\$ -	\$ -	10.00%	\$ -
25		Total Plant	\$ 11,630,653	\$ 461,300	\$ 11,169,353		\$ 441,828
26							
27		Composite Depreciation Rate (Depr Exp / Depreciable Plant):	3.96%				
28		CIAC: \$	5,232,139				
29		Amortization of CIAC (Line 25 x Line 26):	\$ 206,969				
30							
31		Depreciation Expense Before Amortization of CIAC:	\$ 441,828				
32		Less Amortization of CIAC:	\$ 206,969				
33		Test Year Depreciation Expense - Staff:	\$ 234,859				
34		Depreciation Expense - Company:	\$ 224,818				
35		Staff's Total Adjustment:	\$ 10,041				

References:

Column [A]: Schedule CSB-4  
Column [B]: From Column [A]  
Column [C]: Column [A] - Column [B]  
Column [D]: Engineering Staff Report  
Column [E]: Column [C] x Column [D]



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Schedule CSB-22

OPERATING INCOME ADJUSTMENT NO. 11 - TAXES OTHER THAN INCOME

LINE NO. DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1 Taxes Other Than Income	\$ (1,780)	\$ 1,780	\$ -

References:

Col [A]: Company Schedule C-2

Col [B]: Col [C] - Col [A]

Col [C]: CSB Testimony; Company Data Request Response to MEM 1.58



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Schedule CSB-23

OPERATING INCOME ADJUSTMENT #12 - Property Tax Expense

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$ 1,580,170	\$ 1,580,170
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	3,160,340	\$ 3,160,340
4	Staff Recommended Revenue, Per Schedule CSB-1	1,580,170	\$ 2,063,310
5	Subtotal (Line 4 + Line 5)	4,740,510	5,223,650
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,580,170	\$ 1,741,217
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	3,160,340	\$ 3,482,433
10	Plus: 10% of CWIP -	14,202	14,202
11	Less: Net Book Value of Licensed Vehicles	46,420	\$ 46,420
12	Full Cash Value (Line 9 + Line 10 - Line 11)	3,128,122	\$ 3,450,215
13	Assessment Ratio	21.0%	23.0%
14	Assessment Value (Line 12 * Line 13)	656,906	\$ 793,549
15	Composite Property Tax Rate (Per Company Schedule C-2, P:	4.1459%	4.1459%
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	\$ 27,235	\$ -
17	Company Proposed Property Tax	32,414	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (5,179)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 32,900
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 27,235
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		\$ 5,665
22	Increase to Property Tax Expense		\$ 5,665
23	Increase in Revenue Requirement		483,140
24	Increase to Property Tax per Dollar Increase in Revenue (Line 19/Line 20)		1.172563%



OPERATING INCOME ADJUSTMENT NO. 13 - TEST YEAR INCOME TAXES

LINE  
NO.

DESCRIPTION

Calculation of Income Tax:

	Test Year
1 Revenue (Schedule CSB-11)	\$ 1,580,170
2 Operating Expenses Excluding Income Taxes	\$ 1,539,714
3 Synchronized Interest (L17)	\$ 72,047
4 Arizona Taxable Income (L1 - L2 - L3)	\$ (31,591)
5 Arizona State Income Tax Rate	6.9680%
6 Arizona Income Tax (L4 x L5)	\$ (2,201)
7 Federal Taxable Income (L4 - L6)	\$ (29,389)
8 Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ (4,408)
9 Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ -
10 Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -
11 Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ -
12 Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -
13 Total Federal Income Tax	\$ (4,408)
14 Combined Federal and State Income Tax (L44 + L51)	\$ (6,610)

Calculation of Interest Synchronization:

15 Rate Base (Schedule CSB-13, Col. (C), Line 16)	\$ 3,602,336
16 Weighted Average Cost of Debt	2.00%
17 Synchronized Interest (L16 x L17)	\$ 72,047

18	Income Tax - Per Staff	\$ (6,610)
19	Income Tax - Per Company	\$ 7,760
20	Staff Adjustment	\$ (14,370)



## BLACK MOUNTAIN SEWER CORPORATION

Docket No. SW-02361A-08-0609

Test Year Ended June 30, 2008

Schedule CSB-25

## RATE DESIGN

	Present Rates	Company Proposed	Staff Recommended
Residential Service-Per Month	\$45.64	\$ 71.08	\$59.80
Commercial, Regular <sup>1</sup>	\$ 0.18298	\$ 0.28499	\$ 0.23974

Commercial - Special Rate		Present Rates		Company Proposed		Staff Recommended	
Name of Business	Gallons Per Day	Monthly Billing	Rate Per Gallon	Monthly Billing	Rate Per Gallon	Monthly Billing	Rate Per Gallon
BH Enterprises-West	2,525	\$354.36	\$0.14034	N/A	N/A	*	*
BH Enterprises-East	1,400	\$196.48	\$0.14034	N/A	N/A	*	*
Barb's Pet Grooming	250	\$35.09	\$0.14034	N/A	N/A	*	*
Boulder's Resort	29,345	\$4,173.74	\$0.14223	\$8,363.03	\$ 0.28499	\$5,468.42	\$0.18635
Carefree Dental	1,625	\$228.05	\$0.14034	N/A	N/A	*	*
Ridgecrest Realty	450	\$63.87	\$0.14193	N/A	N/A	*	*
Desert Forest	7,000	\$1,144.08	\$0.16344	\$1,994.93	\$ 0.28499	\$1,498.97	\$0.21414
Desert Hills Pharmacy	800	\$136.49	\$0.17061	N/A	N/A	*	*
El Pedregal	15,787	\$2,215.55	\$0.14034	\$4,499.14	\$ 0.28499	\$2,902.81	\$0.18387
Lemon Tree	300	\$41.07	\$0.13691	N/A	N/A	*	*
Body Shop	1,000	\$176.47	\$0.17647	N/A	N/A	*	*
Spanish Village	4,985	\$699.59	\$0.14034	\$1,420.68	\$ 0.28499	\$916.61	\$0.18387
Boulder's Club	1,200	\$168.41	\$0.14034	\$341.99	\$ 0.28499	\$341.99	\$0.18387
Anthony Vuitaggio	300	\$46.79	\$0.15597	N/A	N/A	*	*

Effluent Sales			
	Present Rates	Company Proposed	Staff Recommended
Effluent Sales			
Per thousand gallons	\$0.374400	\$0.460510	\$0.490538
Per Acre Feet	\$122.00	\$150.00	

	Present Rates	Company Proposed	Staff Recommended
Service Charges:			
Establishment	\$ 25.00	\$ 25.00	\$ 25.00
Re-establishment	\$ 25.00	\$ 25.00	\$ 25.00
Re-connection	No Charge	No Charge	No Charge
Minimum Deposit (Residential)	(a)	(a)	(a)
Minimum Deposit (Non-Residential)	(a)	(a)	(a)
Deposit Interest	(a)	(a)	6.00%
NSF Check Charge	\$ 10.00	\$ 10.00	\$ 10.00
Deferred Paymnt Finance Charge	1.50%	1.50%	1.50%
Late Charge	1.50%	1.50%	1.50%
Main Extension Tariff	Cost	Cost (b)	Cost
Hook-Up Fee for New Service <sup>1</sup>	\$ 6.47	\$ 6.47	N/A

<sup>1</sup> Per Gallon per Day. Wastewater flows are based on Engineering Bulletin 12, Table 1 published by ADEQ.

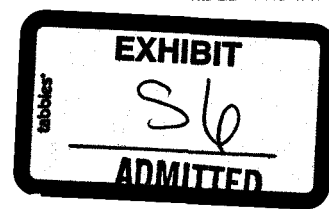
(a) Per A.A.C. R14-2-603B: Residential - two times average bill, Non-residential - two and one-half times average bill

(b) Per A.A.C. R14-2-606B

N/A Not included in current or proposed tariff.

\* Staff recommends that this rate be removed from the tariff.





BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES  
Chairman  
GARY PIERCE  
Commissioner  
PAUL NEWMAN  
Commissioner  
SANDRA D. KENNEDY  
Commissioner  
BOB STUMP  
Commissioner

IN THE MATTER OF THE APPLICATION OF )  
BLACK MOUNTAIN SEWER CORPORATION, ) DOCKET NO. SW-02361A-08-0609  
FOR A DETERMINATION OF THE FAIR )  
VALUE OF ITS UTILITY PLANT AND )  
PROPERTY AND FOR INCREASES IN ITS )  
RATES AND CHARGES FOR UTILITY )  
SERVICE BASED THEREON. )  
\_\_\_\_\_ )

SURREBUTTAL

TESTIMONY

OF

CRYSTAL S. BROWN

PUBLIC UTILITIES ANALYST V

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

NOVEMBER 9, 2009



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**EXECUTIVE SUMMARY**  
**BLACK MOUNTAIN SEWER COMPANY, INC.**  
**DOCKET NO. SW-02361A-08-0609**

Staff recommends an increase in revenue of \$543,935 or a 34.42 percent increase over test year revenue of \$1,580,170. The total annual revenue of \$2,124,117 produces an operating income of \$316,349 or a 9.40 percent rate of return on Staff's recommended fair value rate base of \$3,365,416. Staff's Surrebuttal Testimony responds to Black Mountain Sewer Company's Rebuttal Testimony on the following issues:

1. Rate Base
  - a. Odor Control Plant Equipment
  - b. Unrecorded Plant – New Lift Station
  - c. Accumulated Depreciation
  - d. Advances in Aid of Construction
  - e. Accumulated Deferred Income Taxes
  - f. Working Capital
2. Operating Income
  - a. City of Scottsdale Treatment Price Increase and Annualization
  - b. Chemicals Expense Price Increase and Annualization
  - c. Testing Expense
  - d. Rents Expense
  - e. Contract Services – Legal and Engineering Expense
  - f. Bad Debt Expense
  - g. Rate Case Expense
  - h. Bonuses, Meals, and Other Expenses
  - i. Contract Services - \$42,200 Aerotek Invoice
  - j. Central Office Fixed Costs (Corporate Expense Allocation)
  - k. \$50,302 Algonquin Water Services Increase
  - l. Transportation Expense
  - m. Depreciation Expense
  - n. Property Tax Expense
  - o. Income Tax Expense
3. Purchased Wastewater Treatment Adjustor Mechanism
4. Rate Design
  - a. Special Rate Classes
  - b. Effluent Rate



**INTRODUCTION**

**Q. Please state your name, occupation, and business address.**

A. My name is Crystal S. Brown. I am a Public Utilities Analyst V employed by the Arizona Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

**Q. Are you the same Crystal S. Brown who filed Direct Testimony in this case?**

A. Yes.

**PURPOSE OF SURREBUTTAL TESTIMONY**

**Q. What is the purpose of your Surrebuttal Testimony in this proceeding?**

A. The purpose of my Surrebuttal Testimony in this proceeding is to respond, on behalf of Staff, to the Rebuttal Testimony of Mr. Thomas J. Bourassa who represents Black Mountain Sewer Company, Inc. ("Black Mountain" or "Company").

**Q. Did you attempt to address every issue raised by the Company in its Rebuttal Testimony?**

A. No. I limited my discussion to certain issues as outlined below. My silence on any particular issue raised in the Company's rebuttal testimony does not indicate that I agree with the Company's stated rebuttal position on the issue. Rather, where I do not respond, I rely on my Direct Testimony.

**Q. What issues will you address?**

A. I will address the issues listed below that are discussed in the Rebuttal Testimony of Black Mountain witness Mr. Thomas J. Bourassa.

1. Rate Base

a. Odor Control Plant Equipment



- b. Unrecorded Plant – New Lift Station
- c. Accumulated Depreciation
- d. Advances in Aid of Construction
- e. Accumulated Deferred Income Taxes
- f. Working Capital

2. Operating Income

- a. City of Scottsdale Treatment Price Increase and Annualization
- b. Chemicals Expense Price Increase and Annualization
- c. Testing Expense
- d. Rents Expense
- e. Contract Services – Legal and Engineering Expense
- f. Bad Debt Expense
- g. Rate Case Expense
- h. Bonuses, Meals, and Other Expenses
- i. Contract Services - \$42,200 Aerotek Invoice
- j. Central Office Fixed Costs (Corporate Expense Allocation)
- k. \$50,302 Algonquin Water Services Increase
- l. Transportation Expense
- m. Depreciation Expense
- n. Property Tax Expense
- o. Income Tax Expense

3. Purchased Wastewater Treatment Adjustor Mechanism

4. Rate Design

- a. Special Rate Classes
- b. Effluent Rate

**Q. What is Staff's recommended revenue?**

A. Staff recommends an increase in revenue of \$543,935 or a 34.42 percent increase over test year revenue of \$1,580,170. The total annual revenue of \$2,124,117 produces an operating income of \$316,349 or a 9.40 percent rate of return on Staff's recommended fair value rate base of \$3,365,416.



**RATE BASE**

*Odor Control Plant Equipment*

**Q. What plant does the Company propose to add to its rate base?**

**A.** The Company has requested to include a \$38,625 odor control unit that was not included in rate base. According to the Company's response to DH 2.17:

*The odor control unit was acquired and installed in June 2008. The unit came from LPSCO, an affiliate of BMSC. LPSCO no longer required the use of this unit, and BMSC's plant can greatly benefit from its use. Inadvertently, no entry was made on the Company's books to reflect the transfer, as it should have. The unit cost \$38,625 in 2002.*

**Q. Has Staff determined whether or not the plant should be included in rate base?**

**A.** No, Staff has not. Staff needs to verify the cost of the plant, recalculate the accumulated depreciation, and determine how the plant was financed. Additionally, an adjustment to Advances in Aid of Construction ("AIAC") or Contribution in Aid of Construction ("CIAC") may need to be made. Staff is currently awaiting the Company's supporting documentation and other information related to the odor control unit.

**Q. Will Staff make its recommendation at or before the hearing date?**

**A.** Yes.

*Rate Base Adjustment No. 1 - Unrecorded Plant Addition, New Lift Station*

**Q. Did Staff review the Company's rebuttal testimony concerning the new lift station?**

**A.** Yes. The Company is proposing a revised amount of \$254,251 in order to reflect the actual cost of the lift station.



1 **Q. What adjustment did Staff make?**

2 A. Staff originally used the Company proposed \$276,985 in its direct testimony. The  
3 Company, in its rebuttal testimony, indicated that the \$276,985 amount was an estimate  
4 and states that the actual cost of the asset is \$254,251.  
5

6 **Q. What is Staff's recommendation?**

7 A. Staff recommends \$254,251 for the plant asset as shown on Surrebuttal Schedule CSB-5.  
8 This amount supersedes and replaces the \$276,985 amount used in Staff's direct  
9 testimony.  
10

11 *Rate Base Adjustment No. 3- Accumulated Depreciation*

12 **Q. Has Staff reviewed the Company's rebuttal testimony concerning its proposed**  
13 **accumulated depreciation adjustment?**

14 A. Yes.  
15

16 **Q. Does Staff agree with the Company's calculation of accumulated depreciation?**

17 A. No, Staff does not. Staff calculated a different balance.  
18

19 **Q. Why is Staff's balance different?**

20 A. There are four reasons why Staff's balance is different. First, Staff does not include the  
21 odor control unit in plant. Second, Staff calculated a different amount for the correction of  
22 the error discussed by Mr. Bourassa on page 6 (Adjustment E) and shown on his rebuttal  
23 Schedule B-2 page 4, line 30, Col. E. The Company calculated \$96,152 for the increase  
24 due to correction of the error; however Staff calculated \$98,036. Third, Staff reduced the  
25 cost of the new lift station by \$22,734, from \$276,985 to \$254,251; this lowered  
26 depreciation expense by \$189. Fourth, Staff corrected another error found while



1 reviewing the Company's testimony which involved reflecting the correct Commission-  
2 authorized end of test year plant balance and the post-test year plant authorized in the last  
3 rate case in a conforming manner. The correction increased accumulated depreciation by  
4 \$2,142.  
5

6 **Q. Would you please discuss the correction made to reflect the Commission-authorized**  
7 **plant balance from the last rate case?**

8 A. Yes. In the Company's last rate case, Commission Decision No. 69164 authorized a plant  
9 balance of \$8,630,686 (Dec. No. 69164, Page 9, line 23). However, the Company used a  
10 beginning plant balance of \$8,544,987, as shown on rebuttal Schedule B-2, Page 3.1. This  
11 is a difference of \$85,699 and reflects the post-test year ("PTY") plant authorized in  
12 Decision 69164.  
13

14 The Company removes the \$85,699 to arrive at its "Initial Balance" of \$8,544,987 shown  
15 on Schedule B-2, page 3.6 of the Company's direct testimony of the instant case. Further,  
16 the Company uses this "Initial Balance" of \$8,544,987 to calculate its accumulated  
17 depreciation. Staff corrects this error by adding \$85,699 to the 2004 Other Plant and Misc  
18 Equipment balance (i.e., account no. 339) and subtracting \$85,699 from the 2005 plant  
19 additions balance for the same account. This increases accumulated depreciation by  
20 \$2,142.  
21

22 **Q. What is the net effect of Staff's adjustments?**

23 A. The net effect of Staff's adjustments increases accumulated depreciation by \$99,989  
24 (\$98,036 for the correction of error + \$2,142 for reflection of Commission-authorized  
25 plant balance - \$189 for lower cost of new lift station) from its Direct Testimony (i.e.  
26 \$5,714,143 Surrebuttal - \$5,614,154 direct = \$99,989).



1 **Q. What is Staff's Surrebuttal recommendation for accumulated depreciation?**

2 A. Staff's recommends increasing accumulated depreciation by \$89,118, from \$5,625,025 to  
3 \$5,714,143 as shown on Surrebuttal Schedule CSB-7.  
4

5 *Rate Base Adjustment No. 4 - AIAC, New Lift Station*

6 **Q. Has Staff reviewed the Company's Rebuttal Testimony concerning the AIAC**  
7 **balance?**

8 A. Yes.  
9

10 **Q. Does Staff agree with the Company that the \$254,251 should be reflected for the new**  
11 **lift station?**

12 A. Yes. Staff's adjustment to reflect the actual cost in AIAC is shown on Surrebuttal  
13 Schedule CSB-8.  
14

15 **Q. What is Staff's Surrebuttal recommendation?**

16 A. Staff's recommends increasing AIAC by \$254,251, from \$1,457,009 to \$1,711,260 as  
17 shown on Surrebuttal Schedule CSB-8.  
18

19 *Rate Base Adjustment No. 5 - Accumulated Deferred Income Taxes*

20 **Q. What are accumulated deferred income taxes ("ADITs")?**

21 A. ADITs are the accumulated computed tax differences between income taxes calculated for  
22 rate-making purposes and the actual income taxes that a company pays to the United  
23 States Treasury and the State of Arizona.



1 Q. What is the primary cause of the income tax difference?

2 A. The primary cause of the income tax difference is the straight line depreciation method  
3 used for rate making purposes and accelerated depreciation method used for federal and  
4 state income tax reporting purposes.

5  
6 The National Association of Regulatory Utility Commissioners ("NARUC") Uniform  
7 System of Accounts ("USOA") requires utilities to use straight line depreciation. Straight  
8 line depreciation, in the early years of an asset's life, results in a lower depreciation  
9 expense which, in turn, results in a higher income tax. Conversely, the IRS allows  
10 companies to use accelerated depreciation. Accelerated depreciation, in the early years of  
11 an asset's life, results in a higher depreciation expense which, in turn, results in lower  
12 income taxes. When an asset is fully depreciated for tax purposes, the situation begins to  
13 reverse. The ADIT balance reduces to zero when the asset is fully depreciated under  
14 straight line depreciation.

15  
16 Q. Would you provide an example of how depreciation expense affects income taxes?

17 A. Yes. In the example that follows, income taxes are calculated for a plant asset costing  
18 \$6,000 with a five year useful life. The difference in income taxes is reflected in the  
19 ADIT balance.

20  
21 \$6,000 Asset

22 Accelerated Useful Life = 3 years

23 Accelerated Depreciation Expense Used for IRS =  $\$6,000 / 3 \text{ years} = \$2,000$

24 Ratemaking Life = 5 years

25 Ratemaking Depreciation Expense =  $\$6,000 / 5 \text{ years} = \$1,200$

26 Tax Rate = 40%



Year	Income Tax Effect of Depreciation Expense on State and Federal Income Taxes	Income Tax Effect of Depreciation Expense on Books for Rate Making Purposes	Current Year Deferred Income Tax	Accumulated Deferred Income Tax Balance
1	$\$2,000 \times 40\% = \$800$	$\$1,200 \times 40\% = \$480$	$\$800 - \$480 = \$320$	\$320
2	$\$2,000 \times 40\% = \$800$	$\$1,200 \times 40\% = \$480$	$\$800 - \$480 = \$320$	$\$320 + \$320 = \$640$
3	$\$2,000 \times 40\% = \$800$	$\$1,200 \times 40\% = \$480$	$\$800 - \$480 = \$320$	$\$640 + \$320 = \$960$
4	$\$0 \times 40\% = \$0$	$\$1,200 \times 40\% = \$480$	$\$0 - \$480 = (\$480)$	$\$960 - \$480 = \$480$
5	$\$0 \times 40\% = \$0$	$\$1,200 \times 40\% = \$480$	$\$0 - \$480 = (\$480)$	$\$480 - \$480 = \$0$

**Q. Why are ADITs normally a reduction to rate base?**

**A.** ADITs are normally a reduction to rate base to reflect that in the early years of an asset's life customers are providing more in cash for income taxes than the company actually has to pay. While the Company has this additional cash, it represents cost free capital provided by the rate payers.

**Q. If ADITs are normally deducted from rate base, why is the Company proposing to add the ADIT to rate base?**

**A.** The Company is proposing to add the ADIT to rate base because the Company has calculated an ADIT with a negative balance. The effect of subtracting an ADIT with a negative balance results in a net ADIT addition to rate base.

**Q. Are ADIT balances normally negative or positive?**

**A.** ADIT balances are normally positive as shown in the example provided above.

**Q. What would a negative ADIT balance indicate to Staff?**

**A.** A negative ADIT balance would indicate an error in calculation or some type of unusual treatment of the depreciation expense by the Commission or the IRS.



1   **Q.    Did Staff find an error in the Company's ADIT pro forma adjustment?**

2    A.    Yes. Under the IRS rules, only advances in aid of construction for *service connections* are  
3           includable as revenue. Since the Commission does not recognize AIAC as revenue, an  
4           income timing difference would be created. The Company, however, has incorrectly  
5           included almost all of its AIAC balance in the ADIT calculation.

6  
7   **Q.    Did the Company provide adequate documentation evidencing unusual treatment of**  
8           **depreciation expense by the Commission or the IRS for its ADIT balance?**

9    A.    No, the Company did not provide adequate documentation evidencing unusual treatment  
10          of depreciation expense by the Commission or the IRS for its ADIT balance.

11  
12   **Q.    What is Staff's recommendation concerning the Company's proposed ADIT**  
13          **balance?**

14    A.    Staff recommends increasing accumulated deferred income taxes by \$170,554, from a  
15          negative \$170,554 to \$0 as shown on Surrebuttal Schedule CSB-9.

16  
17   *Rate Base Adjustment No. 6 - Working Capital*

18   **Q.    What amount of working capital did the Company propose in its rebuttal testimony?**

19    A.    The Company proposed \$32,142 for working capital.

20  
21   **Q.    What are the components of the Company's proposed working capital?**

22    A.    The components are as follows: \$14,816 for cash working capital and \$17,326 for  
23          prepayments. Staff will discuss each separately.

24



1 **Q. Did Staff make any adjustments to working capital?**

2 A. Yes, Staff adjusted both cash working capital and prepayments. Staff will discuss each  
3 separately.  
4

5 Cash Working Capital – Lead/Lag Study

6 **Q. What is cash working capital?**

7 A. Cash working capital measures the amount of cash that a company needs to pay day to day  
8 cash operating expenses during the period that service is provided until the date that the  
9 customer pays for the service. Cash working capital can be positive or negative. A  
10 positive amount indicates that the company provided the cash and it is included in rate  
11 base.  
12

13 **Q. What does a negative cash working capital indicate?**

14 A. A negative cash working capital indicates that customers provided cash in advance of the  
15 company providing service. It is a reduction of rate base.  
16

17 **Q. Would a negative cash working capital be normal if a utility bills in advance of  
18 providing service?**

19 A. Yes, because the utility is receiving the cash prior to providing service.  
20

21 **Q. What components of the Company's lead-lag study did Staff adjust?**

22 A. Staff adjusted operating expenses, revenue lag days, and expense lag days. Staff will  
23 discuss each separately.  
24



*Operating Expenses of Lead/Lag Study*

**Q. What adjustments did Staff make to operating expenses?**

A. Staff reflected Staff's recommended amounts of operating expenses, removed rate case expense, and added \$72,047 to reflect synchronized interest as shown on Surrebuttal Schedule CSB-10, page 2.

**Q. Why did Staff remove rate case expense?**

A. The Company is proposing to include \$78,011 of rate case expense in rate base as cash working capital as shown on the Company's Rebuttal Schedule Column F, line 27. Staff notes that this amount is larger than the \$76,667 that the Company is proposing to include in operating expenses. Staff removed rate case expense so that customers would not be required to pay a rate of return on any portion of the rate case expense.

*Revenue Lag Days of Lead/Lag Study*

**Q. What is the service period, billing date, and payment due date for the typical Black Mountain customer?**

A. A customer's service period usually begins on the 1<sup>st</sup> of each month and ends on the last day of each month. Black Mountain typically sends out a bill on the 4<sup>th</sup> day of the month and the payment is due on the 26<sup>th</sup> day of the month as follows:

<u>Service Begins</u>	<u>Bill Sent</u>	<u>Service Midpoint</u>	<u>Payment Is Due</u>	<u>Service Ends</u>
1 <sup>st</sup> Day	4 <sup>th</sup> Day	15 <sup>th</sup> Day	26 <sup>th</sup> Day	30 <sup>th</sup> Day



1 **Q. What is a revenue lead or lag?**

2 A. A revenue lead is the number of days before the provision of service that a customer pays  
3 for his bill. A revenue lag is the number of days or after the provision of service that a  
4 customer pays for that service.

5

6 **Q. How is it measured?**

7 A. In respect to Black Mountain's unmetered customers, which generates approximately 98  
8 percent of the Company's revenue, the revenue lag is measured from the midpoint of the  
9 customer's service period (i.e., approximately the 15<sup>th</sup> of the month) to the date the  
10 Company receives the customer's payment.

11

12 **Q. Does Black Mountain's billing practice require a customer to pay for service for the**  
13 **full month even before customers have received the last four to five days of service**  
14 **for that month?**

15 A. Yes. A typical customer must pay his or her bill approximately four to five days before  
16 the end of the service period as shown above.

17

18 **Q. How does the Company's billing practice impact its revenue lag?**

19 A. It significantly reduces the payment lag because customers are required to prepay the last  
20 four or five days of service.

21

22 **Q. What revenue lag did the Company propose?**

23 A. The Company proposed a revenue lag of 11.40 days.

24



1 Q. Was the 11.40 revenue lag days measured from the midpoint of service to the date  
2 the bill was paid?

3 A. No, it was not. According to the Company's Rebuttal Schedule B-5, line 40:

4  
5 *Revenue lag days equal -15 service lag plus 4.65 day billing lag*  
6 *plus 21.75 average customer payment lag.*  
7

8 The calculation is as follows:  $-15 + 4.65 + 21.75 = 11.40$   
9

10 Q. For unmetered sewer customers, should the calculation of revenue lag include a  
11 service lag and a billing lag?

12 A. No, it should not. A service lag is measured from the midpoint of service to the date a  
13 meter is read. A billing lag is measured from the date a meter is read to the date a bill is  
14 sent. Since over 98 percent of the revenue generated comes from customers who do not  
15 have meters, including a service lag and billing lag is inappropriate.  
16

17 Q. How did the Company calculate its 21.75 day average customer payment lag?

18 A. The Company calculated its 21.75 day average customer payment lag by incorrectly  
19 measuring from the bill date to the customer payment date. The correct method to  
20 calculate the customer payment lag is to measure from the midpoint of service rather than  
21 the bill date. For example, a bill is mailed on August 6, 2008, and the customer pays the  
22 bill on August 16, 2008. The Company would calculate a payment lag of 10 days.  
23 However, the actual payment lag is one day (measured from August 15<sup>th</sup>, the midpoint of  
24 service, to the payment date of August 16<sup>th</sup>). The Company's methodology would  
25 overstate the customer's payment lag by nine days.  
26



1 **Q. Is the Company's calculation of the revenue lag fair to customers?**

2 A. No, it is not fair to customers because it inappropriately calculates a service lag and a  
3 billing lag when all customers except effluent customers have no meters. Further, the  
4 Company incorrectly calculates the customer payment lag by measuring from the bill date  
5 rather than the midpoint of service to the payment date. This has the effect of overstating  
6 the revenue lag.

7  
8 **Q. What customer payment patterns were found in the Company's last rate  
9 proceeding?**

10 A. The study in the last rate proceeding found that customers paid their bills the following  
11 number of days after the midpoint of service (usually the 15<sup>th</sup>): 8, 10, 10, 6, 7, 8, 2, 8, 6,  
12 and 11.

13  
14 **Q. What revenue lag was calculated in the last rate proceeding?**

15 A. A revenue lag of 7.83 was calculated in the Company's last rate proceeding.

16  
17 **Q. How does the Company proposed 11.4 revenue lag days compare to the 7.83 revenue  
18 lag days in the Company's last rate case?**

19 A. The 11.4 revenue lag days proposed by the Company is approximately 3.57 days higher  
20 than the prior calculation or revenue lag days. This difference could be due to the fact that  
21 the study performed in the Company's last rate proceeding calculated the customer  
22 payment lag from the midpoint of service whereas the study performed in the instant case  
23 did not.

24



1 **Q. What adjustment did Staff make to revenue lag days?**

2 A. Staff adjusted the amount by averaging the revenue lag days with the revenue lags days of  
3 the prior case to mitigate the impact of the Company's overstated lag days caused by its  
4 incorrect calculation.

5  
6 **Q. What is Staff's recommendation for revenue lag days?**

7 A. Staff recommends 9.6 revenue lag days calculated as follows:  $(7.83 + 11.4)/2 = 9.6$

8  
9 *Expense Lag Days of Lead/Lag Study*

10 **Q. What are expense leads or lags?**

11 A. An expense lead is the number of days before an operating expense is due that a company  
12 pays for that expense. An expense lag is the number of days after an operating expense is  
13 due that a company pays for that expense.

14  
15 **Q. Are the Company's expense lags based on actual payment dates?**

16 A. The Company provided no evidence (e.g. invoices and canceled checks) to support that  
17 the expenses were based on actual payment dates.

18  
19 **Q. What adjustment did Staff make to the Company's proposed expense lags for  
20 Scottsdale capacity lease?**

21 A. The Company proposes a negative 15 expense lag days because the debt used to purchase  
22 the capacity is paid on the first of the month (Bourassa Rebuttal Schedule B-5, line 44).  
23 Staff did not use this approach because the Commission has authorized this debt payment  
24 to be treated as an operating expense. As such, Staff increased the number of expense lag  
25 days from a negative 15 to 45. The 45 expense lag days is the number of lag days that the  
26 Company is proposing for "Other Operating Expenses."



1 **Q. What adjustment did Staff make to the Company's proposed expense lags for**  
2 **Regulatory Commission Expense (i.e., rate case expense)?**

3 A. The Company proposes to use a negative 360 expense lag days for rate case expense  
4 because "Rate case expense lag days are paid before rates go into effect." (Bourassa  
5 Rebuttal Schedule B-5, line 46). Staff removed the expense lag days to be consistent with  
6 Staff's removal of rate case expense from the cash working capital calculation.  
7

8 **Q. What adjustment did Staff make to the Company's proposed expense lags for**  
9 **Insurance Expense?**

10 A. The Company proposes to use a negative 270 expense lag days for insurance expense  
11 because it states "Insurance is paid once annually" (Bourassa Rebuttal Schedule B-5, line  
12 47). Staff reviewed the insurance account activity on the general ledger that was provided  
13 in response to MEM 1.06 and found that the Company makes regular payments to its  
14 affiliates for insurance. Therefore, consistent with this observation, Staff utilized that 15  
15 expense lag days that the Company proposes for other expenses paid to affiliates.  
16

17 **Q. What adjustment did Staff make to the Company's proposed expense lags for**  
18 **Property Tax Expense?**

19 A. The Company proposes to use a 182 expense lag days for property tax expense because it  
20 states "Property tax expense lag days equals to the weighted average lag days for payment  
21 of property taxes due on October 1 of current year and May 1 of following year"  
22 (Bourassa Rebuttal Schedule B-5, line 51). Staff used 212 days. This number of lag days  
23 has been previously authorized by the Commission for property taxes (Decision No.  
24 66849, page 8, line 16).  
25



1 **Q. What adjustment did Staff make to the Company's proposed expense lag days for**  
2 **Income Tax Expense?**

3 A. The Company proposes to use 37 expense lag days for income tax expense. The  
4 Company does not file an individual income tax return because the Company's income is  
5 consolidated with its affiliates and included on the income tax return of the parent  
6 company. It is the Commission's practice, however, to calculate income taxes for utilities  
7 on a stand-alone basis. Utilities commonly pay their income taxes on a quarterly basis.  
8 Consistent with this approach, Staff calculated 91.25 expense lag days by dividing 365  
9 days by 4 quarterly tax payments.

10  
11 **Q. Why did Staff include Interest Expense?**

12 A. Interest expense is a component of return and, therefore, a component of revenue. Interest  
13 expense requires a cash payment. The Company collects cash used to make interest  
14 payments prior to the interest due date. While Black Mountain has possession of these  
15 funds, they are a source of cost-free cash that the Company can use until making  
16 payments. Staff calculated 91.25 expense lag days by dividing 365 days by 4 quarterly  
17 interest payments.

18  
19 *Staff's Recommended Cash Working Capital*

20 **Q. What is Staff's recommendation for cash working capital?**

21 A. Staff recommends decreasing cash working capital by \$101,242, from \$0 to a negative  
22 \$101,242 as shown on Surrebuttal Schedule CSB-10.

23



1 Prepayments

2 **Q. What amount of prepayments is the Company proposing to include in working**  
3 **capital?**

4 A. The Company is proposing to include \$17,326 for prepayments. The amount is composed  
5 of \$1,927 for prepaid licenses, fees, and permits; \$9,034 for prepaid rent; and \$6,365 for  
6 prepaid insurance.

7  
8 **Q. Does Staff agree that \$17,326 is the correct amount of prepayments to be included in**  
9 **working capital?**

10 A. No, because the prepayment balances proposed by the Company are not the same as the  
11 prepayment balances reported in the Company's general ledger.

12  
13 **Q. Did the Company provide Staff with two general ledgers for the same test year?**

14 A. Yes. The Company provided Staff with a general ledger in response to MEM 1.06.  
15 However, that general ledger was out of balance by approximately \$84,000. The  
16 Company later provided Staff with another general ledger in response to CSB 10.12 which  
17 was in balance.

18  
19 **Q. Are the balances for the prepayments the same in both general ledgers?**

20 A. Yes.

21  
22 **Q. What are the balances?**

23 A. The balances are as follows: a negative \$195 for prepaid licenses, fees, and permits;  
24 \$2,174 for prepaid rent; and \$7,273 for prepaid insurance, for a total of \$9,251.

25



1   **Q.    Did Staff identify a cost classified as a prepayment that should be removed?**

2    A.    Yes, Staff identified a \$2,100 payment made to the Maricopa Department of Environment  
3           Quality for a permit fee. This cost should be included in the construction work in progress  
4           ("CWIP") project to which it relates and capitalized.

5  
6   **Q.    What is Staff's recommendation for prepayments?**

7    A.    Staff recommends increasing prepayments capital by \$7,152, from \$0 to \$7,152 as shown  
8           on Surrebuttal Schedule CSB-10.

9  
10   Total Working Capital

11   **Q.    What is Staff's recommendation for Total Working Capital?**

12   A.    Staff recommends total working capital of a negative \$94,091 consisting of a negative  
13           \$101,242 for cash working capital and \$7,151 for prepayments.

14  
15   *Lead/Lag Study for Company's Next Rate Case*

16   **Q.    Does Staff have any recommendations for the Company's lead/lag study for its next**  
17           **rate case?**

18   A.    Yes, Staff recommends that the revenue lead or lag be measured from the midpoint of  
19           service to the actual payment date. Staff further recommends that the expense lead or lag  
20           days be based upon the actual payment patterns of the Company and not its affiliate.

21



1 **OPERATING INCOME**

2 *Operating Income Adjustment Nos. 1 and 2 - City of Scottsdale Treatment Price Increase and*  
3 *Annualization*

4 **Q. Did Staff review the Company's rebuttal testimony concerning the purchased**  
5 **wastewater treatment expense?**

6 A. Yes. The Company indicated that the City of Scottsdale has recently increased its  
7 wastewater treatment rate from \$2.53 to \$2.61 and that the new rate should be reflected in  
8 operating expenses. The Company also proposes to annualize the expense.

9  
10 **Q. Does Staff agree with the Company?**

11 A. Yes. Staff recommends an increase of \$3,125 composed of \$2,509 for the price increase  
12 and \$616 for the annualization as shown on Surrebuttal Schedules CSB-13, and CSB-14.

13  
14 **Q. What is Staff's recommendation for purchased wastewater treatment expense?**

15 A. Staff recommends increasing purchased wastewater treatment expense by \$3,125, from  
16 \$335,255 to \$338,380 as shown on Surrebuttal Schedule CSB-11 and page 2 of  
17 Surrebuttal Schedule CSB-12.

18  
19 *Operating Income Adjustment Nos. 3 and 4 - Chemicals Expense Price Increase and*  
20 *Annualization*

21 **Q. Did Staff review the Company's Rebuttal Testimony concerning chemicals expense?**

22 A. Yes. The Company asserts that it has switched to a more expensive type of chemical and  
23 that the cost should be annualized.

24



1 **Q. Does Staff agree with the Company?**

2 A. Yes. Staff recommends an increase of \$3,324 for chemicals expense composed of \$3,191  
3 for the price increase and \$133 for the annualization as shown on Surrebuttal Schedules  
4 CSB-15 and CSB-16.

5  
6 **Q. What is Staff's recommendation for chemicals expense?**

7 A. Staff recommends increasing chemicals expense by \$3,324 from \$37,489 to \$40,813 as  
8 shown on Surrebuttal Schedule CSB-11 and page 2 of Surrebuttal Schedule CSB-12.

9  
10 *Operating Income Adjustment No. 12 - Testing Expense*

11 **Q. Did Staff review the Company's rebuttal testimony concerning testing expense?**

12 A. Yes.

13  
14 **Q. Does Staff agree with the Company's proposed amount?**

15 A. No, Staff calculated a different amount as discussed in the testimony of Staff witness,  
16 Dorothy Hains.

17  
18 **Q. What is Staff's recommendation for testing expense?**

19 A. Staff recommends decreasing testing expense by \$1,733 from \$16,955 to \$15,222 as  
20 shown on Surrebuttal Schedule CSB-11 and page 2 of Surrebuttal Schedule CSB-12.

21  
22 *Operating Income Adjustment No. 10 - Rents Expense*

23 **Q. Did Staff review the Company's rebuttal testimony concerning rents expense?**

24 A. Yes. The Company states that Staff did not include the rental cost of the storage space in  
25 its calculation of rents expense.

26



1   **Q.    Does Staff agree with the Company?**

2    A.    Yes.

3  
4   **Q.    What is Staff's recommendation for rental expense?**

5    A.    Staff recommends increasing rental expense by \$18,432 from \$19,830 to \$38,262 as  
6       shown on Surrebuttal Schedule CSB-11 and page 2 of Surrebuttal Schedule CSB-12.

7  
8   *Operating Income Adjustment No. 12 - Contract Services, Legal and Engineering Expense*

9   **Q.    Did Staff review the Company's rebuttal testimony concerning contract services –**  
10       **legal and engineering expense?**

11   A.    Yes. The Company claims that Staff incorrectly removed \$1,500 prior to normalizing the  
12       expense over three years.

13  
14   **Q.    Does Staff agree with the Company?**

15   A.    No, Staff does not. Only allowable operating expenses (i.e., expenses that are properly  
16       classified as contract services-other expenses) should be recorded in contract services-  
17       other expense account. The \$1,500 cost that Staff removed from the contract services –  
18       other account was a capital cost. Therefore, it should have been capitalized rather than  
19       expensed. Inappropriate expenses should be removed from an account prior to  
20       normalizing.

21  
22   **Q.    What is Staff's recommendation for contract services - legal and engineering**  
23       **expense?**

24   A.    Staff recommends decreasing contract services – legal and engineering by \$4,861, from  
25       \$9,362 to \$4,501 as shown on Surrebuttal Schedule CSB-11 and page 2 of Surrebuttal  
26       Schedule CSB-12.



1 *Operating Income Adjustment No. 9 - Bad Debt Expense*

2 **Q. Did Staff review the Company's rebuttal testimony concerning bad debt expense?**

3 A. Yes. The Company proposes that Staff include in operating expenses test year related  
4 write-offs that occurred after the test year.

5  
6 **Q. Does Staff agree with the Company?**

7 A. Yes.

8  
9 **Q. Does Staff agree with the Company's proposed amount?**

10 A. Staff does not know. Staff is awaiting documentation to support the Company's proposed  
11 amount.

12  
13 **Q. Will Staff make its recommendation at or before the hearing date?**

14 A. Yes.

15  
16 *Rate Case Expense*

17 **Q. Did Staff review the Company's rebuttal testimony concerning rate case expense?**

18 A. Yes. The Company proposes to increase rate case expense by \$16,667 to reflect the  
19 additional cost of "negotiating the settlement agreement with the BHOA and the costs that  
20 have been and will be incurred in taking steps necessary to support BMSC's request for  
21 rate relief . . . ."

22  
23 **Q. Does Staff agree with the Company?**

24 A. Yes.

25



1 Q. Does Staff agree with the Company's proposed amount?

2 A. Staff does not know. Staff must review the documentation in support of the additional  
3 rate case expense.  
4

5 Q. Will Staff make its recommendation at or before the hearing date?

6 A. Yes.  
7

8 *Operating Income Adjustment No. 13 - Bonuses, Meals, and Other Expenses*

9 Q. Has Staff reviewed the Company's rebuttal testimony concerning bonuses?

10 A. Yes.  
11

12 Q. Does Staff agree with the Company?

13 A. No.  
14

15 Q. How does including bonuses in operating expenses harm customers?

16 A. Including bonuses in operating expenses harms customers because customers would be  
17 required to pay for an expense that is not needed in the provision of service. Further, in  
18 the event that the bonuses are not paid at all or are paid at a lesser amount, then the rates  
19 that the customers pay for this unneeded cost would flow directly to the shareholders who  
20 would be unfairly enriched.  
21

22 Q. Does the Company's claimed benefits outweigh the detriment to ratepayers?

23 A. No.  
24



1 **Q. What is Staff's recommendation concerning bonuses, meals, and other expenses?**

2 A. Staff recommends decreasing contractual services-other account by \$14,945 as shown on  
3 page 2 of Surrebuttal Schedule CSB-12.  
4

5 *Contractual Services –Other, Aerotek \$42,200 Invoice*

6 **Q. Did Staff review the Company's Rebuttal Testimony concerning Contractual**  
7 **Services – Aerotek \$42,200 Invoice?**

8 A. Yes. The Company asserts that it incorrectly recorded \$42,200 in expenses that were  
9 incurred for Black Mountain on the books of its affiliate, Litchfield Park Service  
10 Company ("LPSCO"). The Company has provided additional evidence to support that the  
11 expense was incurred for Black Mountain.  
12

13 **Q. Do both LPSCO and Black Mountain have permanent rate applications currently**  
14 **before the Commission?**

15 A. Yes, Black Mountain is the instant case and LPSCO's permanent rate applications are  
16 filed under docket numbers SW-01427A-09-0104 and SW-01428A-09-0103.  
17

18 **Q. What are the test years of the two permanent rate applications?**

19 A. The test year for Black Mountain is the period July 1, 2007, to June 30, 2008. The test  
20 year for LPSCO is the period October 1, 2007, to September 30, 2008.  
21

22 **Q. What are the dates that the \$42,200 in costs was incurred?**

23 A. The costs were incurred during the period February 2, 2008, to June 28, 2008  
24



1 Q. Did the Company propose to remove the \$42,200 amount from the operating  
2 expenses of LPSCO?

3 A. No, the Company has not proposed to remove the \$42,200 amount from the operating  
4 expenses of LPSCO. It has only proposed that the \$42,200 be added to the operating  
5 expenses of Black Mountain. Including the same expense for both companies would  
6 result in a double recovery for the Company.

7  
8 Q. What is Staff's recommendation concerning the Contractual Services – Aerotek  
9 \$42,200 Invoice?

10 A. Staff continues to recommend disallowance of \$42,200 because the amount is already  
11 included in the operating expenses of an affiliate that is currently before the Commission  
12 for a rate increase.

13  
14 *Central Fixed Office Costs (Corporate Expense Allocation)*

15 Q. How does the Algonquin Power Income Fund ("Fund" or "APIF") produce income  
16 for its shareholders?

17 A. The Fund, according to its 2008 annual report, produces earnings for its shareholders  
18 through a diversified portfolio of renewable energy and utility assets.

19  
20 Q. What was the APIF's business strategy?

21 A. The Fund's 2008 annual report states the following concerning its business strategy:

22  
23 *Algonquin's business strategy is to maximize long term unitholder*  
24 *value by strengthening its position as a strong renewable energy*  
25 *and infrastructure company. The Company is focused on growth*  
26 *in cash flow and earnings in the business segments in which it*  
27 *operates. (emphasis added)*  
28



1 Q. What was the APIF's income for 2008?

2 A. The APIF generated \$57 million in income before taxes according to its 2008 audited  
3 financial statements.

4  
5 Q. Does Staff agree with the Company's statement that "APIF incurs the central office  
6 cost for the benefit of its subsidiary businesses" and "but for the subsidiary  
7 businesses, APIF would not have central offices costs . . . ." (Bourassa Rebuttal, page  
8 19, lines 16 through 21)?

9 A. No, Staff does not. The APIF is an unregulated for-profit business that incurs costs  
10 primarily for the benefit of its shareholders. Making a profit is the ultimate reason any  
11 for-profit company incurs expenses. The Fund is focused on "*growth in cash flow and*  
12 *earnings*" as evidenced from its business strategy. Since shareholders seek a profit and  
13 the APIF incurs expenses (e.g. central office costs) in order to generate that profit, then it  
14 is obvious that the central office costs are incurred primarily for the benefit of the  
15 shareholders rather than for Black Mountain as the Company indicates. The central office  
16 costs would have been incurred even if the Fund did not own Black Mountain because the  
17 central office costs were incurred to make a profit for the shareholders and not to operate  
18 Black Mountain. The benefit to Black Mountain is only incidental.

19  
20 Tax Preparation Costs

21 Q. Does Staff agree with the Company's claim that Staff's provision for tax preparation  
22 is inadequate on a stand-alone basis?

23 A. No, Staff does not. An efficiently managed stand-alone utility could incur little or no  
24 additional cost for tax preparation. Most state and federal income tax returns are  
25 completed and filed electronically with user-friendly computer software applications  
26 designed specifically for income taxes. An efficiently managed utility could hire someone



1 with proven proficiencies in both accounting and tax return preparation. This employee  
2 would possess the requisite knowledge to enter the relevant information from the financial  
3 statements into the user-friendly tax software and electronically prepare and file the  
4 income tax return at little or no additional cost to the utility.

5  
6 **Q. What did Staff find during its review of the Company's documentation to support**  
7 **the Central Office tax allocation?**

8 A. Staff found that large costs were incurred for the research of complex tax issues regarding  
9 the APIF's many holdings. Since these costs relate directly to the tax complexities of  
10 APIF, rather than based on the cost causation principle, the APIF should pay the major  
11 part of the tax and the remaining part should allocated to the subsidiaries.

12  
13 Audit Costs

14 **Q. Does Staff agree with the Company's claim that Staff's provision for audit services is**  
15 **inadequate on a stand-alone basis?**

16 A. No, Staff does not.

17  
18 **Q. Are all stand-alone utilities required to have an audit?**

19 A. No.

20  
21 **Q. Why does the APIF have an annual audit?**

22 A. Its lenders require it to have an audit.  
23



1 'APIF Management and Trustee Fees

2 **Q. Does Staff agree with the Company's claim that Staff's provision for management**  
3 **fees from the central office is inadequate on a stand-alone basis?**

4 A. No, Staff does not. The managers at the central office are directly responsible for the  
5 management of the income fund and not Black Mountain. The Company could not  
6 provide time sheets or time studies showing that the managers from the central office  
7 spent time directly working for Black Mountain. Therefore, to add costs for the  
8 management fees from the central offices would be duplicative of the management fees  
9 that are already included in Black Mountain's operating expenses. Further, based on the  
10 cost causation principle, the management fees should be allocated to the APIF because  
11 they are directly attributable to the APIF.

12  
13 APIF Other Professional Services Fees

14 **Q. Does Staff agree with the Company's claim that Staff's provision for other types of**  
15 **fees such as professional services fees from the central office is inadequate on a**  
16 **stand-alone basis?**

17 A. No, Staff does not. Staff reviewed the invoices in support of the fees and found that the  
18 test year invoices related to special software for the APIF and not to the ERP and payroll  
19 system as the Company claims.

20  
21 Central Office Fixed Cost Increase

22 **Q. Does Staff agree with the Company that the amount of central office costs should be**  
23 **increase from \$3.95 million to \$4.25 million?**

24 A. No, Staff does not. Some of the invoices provided appeared to be internally generated  
25 invoices from one affiliate to another affiliate.  
26



1 **Q. Do transactions with affiliates require greater scrutiny than transactions with non-**  
2 **affiliates?**

3 A. Yes. The central office costs were incurred by the parent company which is an affiliate.  
4 These transactions are not at arm's length. Transactions with non-affiliates are generally  
5 considered to be reasonable when a regulated utility can provide adequate evidence that it  
6 incurred an expense. In contrast, costs incurred with affiliates require a greater burden of  
7 evidence than just the mere showing that the costs were incurred.  
8

9 **Q. How can rate payers be harmed when companies do not provide adequate evidence?**

10 A. Ratepayers can be harmed because costs from the unregulated business can be shifted to  
11 the regulated utility or reported at an inflated amount.  
12

13 *\$50,302 Algonquin Water Services Increase*

14 **Q. Did Staff review the Company's rebuttal testimony concerning \$50,302 affiliate**  
15 **increase?**

16 A. Yes. The Company proposes to annualize the cost of contract workers employed by its  
17 affiliate, Algonquin Water Services ("AWS").  
18

19 **Q. Does Staff agree with the Company?**

20 A. No, Staff does not.  
21

22 **Q. Does Black Mountain have employees?**

23 A. No, it does not. It employs contract personnel through its affiliate AWS.  
24



1   **Q.    Can the AWS employees work for any of the Algonquin's five other regulated**  
2       **Arizona utilities?**

3    A.   Yes. AWS employees work on all of Algonquin's five other regulated Arizona utilities.  
4

5   **Q.    How much did the AWS fee increase from 2007 to 2008**

6    A.   The affiliate, AWS, increased the management fees it charged to Black Mountain by over  
7       \$110,000 (or 28 percent), from \$392,538 in 2007 to \$502,741 in 2008. In addition to the  
8       28 percent increase, the Company is proposing to increase AWS fees by an additional  
9       \$50,302.  
10

11   **Q.    Did the Company provide any evidence showing that it was having problems**  
12       **providing service because of a lack of employees?**

13   A.   No, it did not.  
14

15   **Q.    Is the \$50,302 proposed by the Company based on actual data?**

16   A.   No, it is not; since the AWS employees can work on any one of the seven companies. It is  
17       based on speculation.  
18

19   **Q.    What is Staff's recommendation concerning this increase?**

20   A.   Staff continues to recommend disallowance because the affiliate contract employees are  
21       not directly employed by Black Mountain, can work for any one of its five other utilities,  
22       and the Company's adjustment to increase costs is based upon speculative data.  
23



1 *Transportation Expense*

2 **Q. Has Staff reviewed the Company's rebuttal testimony concerning the transportation**  
3 **expense?**

4 A. Yes.

5  
6 **Q. Does Staff agree with the Company?**

7 A. No, Staff does not because during the course of this audit, Staff noted several significant  
8 problems with the Company's and its affiliates' record keeping.

9  
10 **Q. What are the record keeping problems that Staff noted?**

11 A. Staff noted problems with record keeping such as the general ledger that was out of  
12 balance by \$84,000; some accounts in the general ledger that should have a positive  
13 balance have a negative balance; the truck lease that belongs to Gold Canyon<sup>1</sup> is included  
14 in the operating expenses of Black Mountain; the \$42,200 expense incurred for Black  
15 Mountain is included in the operating expenses of LPSCO; and the odor control unit that  
16 is used by Black Mountain is included in the plant of LPSCO.

17  
18 **Q. How could these record keeping problems negatively impact customers?**

19 A. For example, the full cost of the truck lease could be put in the operating expense of Black  
20 Mountain in the instant rate proceeding. The truck could later be re-assigned to Gold  
21 Canyon, who then, files a permanent rate increase application and the full cost of the truck  
22 lease could be included in the operating expenses of Gold Canyon. This would result in  
23 the customers of two different companies paying for the same truck lease causing double  
24 recovery for the parent company. Maintaining logs would help to prevent this type of  
25 problem.

---

<sup>1</sup> Gold Canyon has the legal responsibility to pay because it signed the truck lease.



1 **Q. How could maintaining logs help to prevent the problem?**

2 A. The logs would show the history of the vehicle. This would allow Staff to review the data  
3 and make an equitable allocation.  
4

5 **Q. Is maintaining mileage logs uncommon?**

6 A. No, it is not. The state of Arizona requires employees to sign out vehicles by showing a  
7 valid driver's license, and logging the dates and purpose of travel. Also, there is a log in  
8 the vehicle itself which the driver must write the starting and ending mileage. Further, the  
9 Internal Revenue Service requires mileage logs in order to claim transportation expense.  
10

11 **Q. What is Staff's recommendation concerning transportation expense?**

12 A. Staff continues to recommend allocating half the cost to the affiliate.  
13

14 *Depreciation Expense*

15 **Q. What adjustments did Staff make to depreciation expense?**

16 A. Staff adjusted depreciation expense to reflect changes made to plant.  
17

18 **Q. What is Staff's recommendation for depreciation expense?**

19 A. Staff's recommends increasing depreciation expense by \$9,214, from \$224,818 to  
20 \$234,035 expense as shown on Surrebuttal Schedules CSB-12, page 2 and CSB-26.  
21

22 *Property Tax Expense*

23 **Q. Did Staff review the Company's rebuttal testimony concerning property tax  
24 expense?**

25 A. Yes. The Company claims that Staff used an incorrect assessment ratio in the property tax  
26 expense calculation.



1 Q. Does Staff agree with the Company?

2 A. Yes.

3

4 Q. What is Staff's recommendation for property tax expense?

5 A. Staff's recommends decreasing property tax by \$5,179, from \$32,414 to \$27,235 as shown  
6 on Surrebuttal Schedules CSB-11 and CSB-28.

7

8 *Income Tax Expense*

9 Q. What adjustment did Staff make to income tax expense?

10 A. Staff removed the cost of the Scottsdale capacity lease and reflected Staff's remaining  
11 Surrebuttal operating expenses.

12

13 Q. What is Staff's recommendation for income tax expense?

14 A. Staff recommends increasing income tax expense by \$29,574, from \$7,760 to \$37,334 as  
15 shown on Surrebuttal Schedules CSB-11 and CSB-29.

16

17 **PURCHASED WASTEWATER TREATMENT ADJUSTOR MECHANISM**

18 Q. Has Staff reviewed the Company's rebuttal testimony regarding the Purchased  
19 Wastewater Treatment Adjustor Mechanism ("PWWAM")?

20 A. Yes.

21

22 Q. Has Staff's position concerning the PWWAM changed?

23 A. No.

24

25 Q. What is Staff's recommendation?

26 A. Staff continues to recommend denial of the Company proposed PWWAM.



1 **RATE DESIGN**

2 *Surrebuttal Rates*

3 **Q. Has Staff recommended revised rates consistent with its recommended changes to**  
4 **the revenue requirement?**

5 **A. Yes. Staff's revised rates are shown on Surrebuttal Schedule CSB-30.**  
6

7 *Special Rate Classes*

8 **Q. Has Staff reviewed the Company's rebuttal testimony concerning the special rate**  
9 **classes for certain commercial customers?**

10 **A. Yes.**  
11

12 **Q. Does Staff agree with the Company?**

13 **A. No, the Company did not conduct a cost of service study. The interests of all the**  
14 **stakeholders were thoroughly discussed in the proceeding in which the Commission**  
15 **originally authorized the special rate classes. The Commission has approved the special**  
16 **rate classes in at least two rate proceedings.**  
17

18 **Q. Would implementing the Company proposed rate design result in a steep increase to**  
19 **the special rate classes?**

20 **A. Yes. The rates would increase by approximately 100 percent for most of the special rate**  
21 **customers.**  
22

23 **Q. What is Staff's recommendation concerning the special rate classes?**

24 **A. Staff recommends continuation of the special rate classes.**  
25



1 *Effluent Rate*

2 **Q. Has Staff reviewed the Company's rebuttal testimony concerning the effluent rate?**

3 A. Yes. The Company states that "Staff increases the effluent rate by over 30 percent, which  
4 is in conflict with the effluent delivery agreement with the Boulder's Resort . . ."

5  
6 **Q. Does Staff agree with the Company that Staff's recommended rate needs to be  
7 revised?**

8 A. Yes. Staff recommends adopting the Company proposed effluent rate, as this rate does  
9 not conflict with the terms of the effluent delivery agreement.

10

11 **Q. What is Staff's recommendation concerning the effluent rate?**

12 A. Staff recommends an effluent rate of \$0.46051 per thousand gallons as shown on Staff's  
13 Surrebuttal Schedule CSB-30 and the Company's Rebuttal Schedule H-3, page 1.

14

15 **Q. Does this conclude your Direct Testimony?**

16 A. Yes, it does.



REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY FAIR VALUE	(B) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 3,723,245	\$ 3,365,416
2	Adjusted Operating Income (Loss)	\$ (84,484)	\$ (4,761)
3	Current Rate of Return (L2 / L1)	-2.27%	-0.14%
4	Required Rate of Return	12.80%	9.40%
5	Required Operating Income (L4 * L1)	\$ 476,575	\$ 316,349
6	Operating Income Deficiency (L5 - L2)	\$ 561,059	\$ 321,110
7	Gross Revenue Conversion Factor	1.6286	1.6939
8	Required Revenue Increase (L7 * L6)	\$ 913,780	\$ 543,935
9	Adjusted Test Year Revenue	\$ 1,580,170	\$ 1,580,170
10	Proposed Annual Revenue (L8 + L9)	\$ 2,493,950	\$ 2,124,105
11	Required Increase in Revenue (%)	57.83%	34.42%



GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line	40.9653%			
5	Subtotal (L3 - L4)	59.0347%			
6	Revenue Conversion Factor (L1 / L5)	1.693919			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 23)	40.6206%			
9	One Minus Combined Income Tax Rate (L7 - L8 )	59.3794%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10 )	0.0000%			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 55)	36.1732%			
16	Effective Federal Income Tax Rate (L14 x L15)	33.6526%			
17	Combined Federal and State Income Tax Rate (L13 + L16)		40.6206%		
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	40.6206%			
20	One Minus Combined Income Tax Rate (L18-L19)	59.3794%			
21	Property Tax Factor (CSB-16, L21)	0.5804%			
22	Effective Property Tax Factor (L20*L21)		0.3447%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			40.9653%	
24	Required Operating Income (Schedule CSB-1, Line 5)	\$ 316,349			
25	Adjusted Test Year Operating Income (Loss) (Schedule CSB-11, Line 3	(4,761)			
26	Required Increase in Operating Income (L24 - L25)		\$ 321,110		
27	Income Taxes on Recommended Revenue (Col. [E], L52)	\$ 257,001			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	37,334			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		219,667		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	\$ 2,124,105			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)				
35	Property Tax with Recommended Revenue (CSB-16, Col B, L16)	\$ 30,392			
36	Property Tax on Test Year Revenue (CSB-16, Col A, L16)	27,235			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		3,157		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		\$ 543,934		

	Test Year	Staff Recommended
<u>Calculation of Income Tax:</u>		
39	Revenue (Schedule CSB-11, Col. [C], Line 5 & Sch. CSB-1, Col. [D] Li	\$ 2,124,104
40	Operating Expenses Excluding Income Taxes	\$ 1,386,232
41	Synchronized Interest (L56)	\$ 72,047
42	Arizona Taxable Income (L39 - L40 - L41)	\$ 665,825
43	Arizona State Income Tax Rate	6.9680%
44	Arizona Income Tax (L42 x L43)	\$ 46,395
45	Federal Taxable Income (L42 - L44)	\$ 619,430
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ 7,500
47	Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ 6,250
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ 8,500
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ 91,650
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 96,706
51	Total Federal Income Tax	\$ 210,606
52	Combined Federal and State Income Tax (L44 + L51)	\$ 257,001

53 Applicable Federal Income Tax Rate [Col. [E], L51 - Col. [B], L51] / [Col. [E], L45 - Col. [B], L45] 36.1732%

<u>Calculation of Interest Synchronization:</u>		
54	Rate Base (Schedule CSB-3, Col. [C], Line 17	\$ 3,602,336
55	Weighted Average Cost of Debt (Schedule CSB-17, Col. [F], L1 + L2)	2.0000%
56	Synchronized Interest (L45 X L46)	\$ 72,047



RATE BASE - ORIGINAL COST

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	Adj. No.	(C) STAFF AS ADJUSTED
1	Plant in Service	\$ 11,357,735		\$ 11,607,919
2	Less: Accumulated Depreciation	5,625,025		5,714,143
3	Net Plant in Service	<u>\$ 5,732,710</u>		<u>\$ 5,893,776</u>
<u>LESS:</u>				
4	Contributions in Aid of Construction (CIAC)	\$ 5,232,139		\$ 5,232,139
5	Less: Accumulated Amortization	4,214,384		\$ 4,214,384
6	Net CIAC	<u>1,017,755</u>		<u>\$ 1,017,755</u>
7	Advances in Aid of Construction (AIAC)	1,457,009		1,711,260
8	Customer Deposits	94,290		94,290
9	Deferred Income Tax Credits	(170,554)		-
<u>ADD:</u>				
9	Deferred Regulatory Assets	389,035		389,035
10	Cash Working Capital	-		(101,242)
11	Prepayments	-		7,152
12	Original Cost Rate Base	<u>\$ 3,723,245</u>		<u>\$ 3,365,416</u>

References:

Column (A), Company Schedule B-1  
Column (B): Schedule MEM-4  
Column (C): Column (A) + Column (B)



SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Unrecorded Retirement & Addition	[C] ADJ #2 Expensed Plant	[D] ADJ #3 Accumulated Depreciation	[E] ADJ #4 AIAAC	[F] ADJ #5 Accumulated Deferred Income Taxes	[G] ADJ #6 Working Capital	[H] STAFF ADJUSTED
				Ref: Sch CSB-5	Ref: Sch CSB-6	Ref: Sch CSB-7	Ref: Sch CSB-8	Ref: Sch CSB-9	Ref: Sch CSB-10	
1		PLANT IN SERVICE								
2	351	Organization								
3	352	Franchises								
4	353	Land and Land Rights	461,300							461,300
5	354	Structures and Improvements	2,557,920		2,300					2,560,220
6	355	Power Generation Equipment								
7	360	Collection Services - Force	706,292		1,600					707,892
8	361	Collection Services - Gravity	4,284,948							4,284,948
9	362	Special Collecting Structures								
10	363	Services to Customers	198,723							198,723
11	364	Flow Measuring Devices	31,512							31,512
12	365	Flow Measuring Installations	179,622							179,622
13	370	Receiving Wells	690,628	241,043	1,200					932,871
14	371	Effluent Pumping Equipment	654,844		2,803					657,647
15	380	Treatment and Disposal Equipment	143,578							143,578
16	381	Plant Sewers	123,289		1,238					124,527
17	382	Outfall Sewer Lines								
18	389	Other Plant & Misc. Equipment	939,432							939,432
19	390	Office Furniture & Equipment	224,587							224,587
20	391	Transportation Equipment	107,367							107,367
21	393	Tools, Shop & Garage Equipment	5,754							5,754
22	394	Laboratory Equipment	7,488							7,488
23	395	Power Operated Equipment								
24	396	Communication Equipment								
25	398	Other Tangible Plant	40,451							40,451
26										
27		Total Plant in Service	\$ 11,357,735	\$ 241,043	\$ 9,141	\$ 89,118	\$ -	\$ -	\$ -	\$ 11,607,919
28		Less: Accumulated Depreciation	5,625,025							5,714,143
29										
30		Net Plant in Service (L59 - L 60)	\$ 5,732,710	\$ 241,043	\$ 9,141	\$ (89,118)	\$ -	\$ -	\$ -	\$ 5,893,776
31										
32		LESS:								
33		Contributions in Aid of Construction (CIAC)								
34		Less: Accumulated Amortization	\$ 5,232,139							\$ 5,232,139
35		Net CIAC (L25 - L26)	4,214,384							4,214,384
36		Advances in Aid of Construction (AIAAC)	1,017,755							1,017,755
37		Customer Deposits	1,457,009				254,251			1,711,260
38		Deferred Income Taxes	94,290					170,554		94,290
39			(170,554)							
40										
41										
42		ADD:								
43		Deferred Reg Asset - Unamortized Balance of Scottsdale Treatment	389,035							389,035
44		Cash Working Capital							(101,242)	(101,242)
45		Prepayments							7,152	7,152
46		Original Cost Rate Base	\$ 3,723,245	\$ 241,043	\$ 9,141	\$ (89,118)	\$ (254,251)	\$ (170,554)	\$ (94,090)	\$ 3,365,416



**RATE BASE ADJUSTMENT NO. 1 - UNRECORDED PLANT RETIREMENT  
AND PLANT ADDITION**

LINE NO.	Description	[A]	[B]	[C]
		COMPANY AS FILED	ADJUSTMENTS	STAFF AS ADJUSTED Col A - Col B
1	Account 370 - Receiving Wells	\$ 690,628	\$ -	\$ 690,628
2	Old Trade Center Lift Station	-	(13,208)	(13,208)
3	New Trade Center Lift Station	-	\$ 254,251	254,251
4		\$ 690,628	\$ 241,043	\$ 931,671

References:

Column A: Company Schedule B-2, Page 3

Column B: Testimony, CSB, Company Data Request Responses DH 2.4 and 2.5

Column C: Column [A] + Column [B]



**RATE BASE ADJUSTMENT NO. 2 - EXPENSED PLANT**

LINE NO.	Plant Account Number	Description	[A]	[B]	[C]
			COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED (Col A + Col B)
1	354	Structures and Improvemnts	\$ 461,300	\$ 2,300	\$ 463,600
2	360	Collection Services, Force	\$ 706,292	\$ 1,600	\$ 707,892
3	370	Receiving Wells	\$ 690,628	\$ 1,200	\$ 691,828
4	371	Effluent Pumping Equip	\$ 654,844	\$ 2,803	\$ 657,647
5	381	Plant Sewers	\$ 123,289	\$ 1,238	\$ 124,527
6		Total	\$ 2,636,353	\$ 9,141	\$ 2,645,494

**FROM CONTRACTUAL SERVICES, LEGAL & ENGINEERING EXPENSE (MEM 1.55)**

Acct. No.	Vendor Name	Description	Amount
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354 - Structures & Improv	Consulting Land Surveyors	Locate existing and set new boundaries	\$ 1,500.00
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**FROM CONTRACTUAL SERVICES, OTHER EXPENSE (MEM 1.55)**

Acct. No.	Vendor Name	Description	Amount
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354 - Structures & Improv	Consulting Land Surveyors	Locate existing and set new boundaries	\$ 800.00
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360-Collection Srvcs, Force	ADEQ Approval to Construct	Certificate	\$ 1,600.00
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370-Receiving Wells	ADEQ Approval to Construct	Certificate	\$ 1,200.00
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Subtotal			\$ 2,800.00
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371-Effluent Pumping Plant	Keller Equipment Company	Install submersible Pumps	\$ 1,212.00
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371-Effluent Pumping Plant	Keller Equipment Company	Set two pumps; pull one	\$ 1,591.25
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Subtotal			\$ 2,803.25
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381-Plant Sewers	KSK Electric	New cables, sand filters	\$ 1,237.72
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Total for Contractual Services, Other			\$ 7,640.97
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Grand Total			\$ 9,140.97
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References:

Column A: Company Schedule B-2, Page 3

Column B: Testimony, CSB, Company Data Request Responses MEM 1.55

Column C: Column [A] + Column [B]



**RATE BASE ADJUSTMENT NO. 3 - ACCUMULATED DEPRECIATION**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Accumulated Depreciation	\$ 5,625,025	\$ 89,118	\$ 5,714,143

References:

Column A: Company Schedule B-1, Page 1  
Column B: Testimony, CSB; Schedule CSB-7, Page 5 of 5  
Column C: Column [A] + Column [B]



PLANT AND ACCUMULATED DEPRECIATION  
 With Staff Recommended Plant Adjustments

	Staff 31-Dec-04 Original Cost	Staff 31-Dec-04 Accumulated Depreciation	Depreciation Rates		2005 Additions	2005 Retirements	Depreciation Expense	2005 Total Cost	2005 Accumulated Depreciation
			Before Dec. 69164	After Dec. 69164					
351 Organization Cost	\$0	\$0	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0
352 Franchise Cost	\$0	\$0	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0
353 Land & Land Rights	\$461,300	\$0	0.00%	0.00%	\$0	\$0	\$0	461,300	0
354 Structures & Improvements	\$1,239,905	\$888,015	5.00%	3.33%	\$54,645	0	\$63,361	1,294,549	951,376
355 Power Generation Equip	\$0	\$706	5.00%	5.00%	\$0	0	(\$706)	0	0
360 Collection Sewers, Force	\$568,413	\$154,483	5.00%	2.00%	\$89,562	0	\$30,660	657,976	185,143
361 Collection Sewers, Gravity	\$3,614,544	\$2,488,740	5.00%	2.00%	\$275,691	0	\$187,619	3,890,235	2,676,359
362 Special Collection Structures	\$0	\$0	5.00%	2.00%	\$0	0	\$0	0	0
363 Services	\$157,218	\$128,612	5.00%	2.00%	\$19,337	0	\$8,344	176,555	136,956
364 Flow Measuring Devices	\$39,829	\$23,004	5.00%	10.00%	(\$8,135)	0	\$1,788	31,694	24,792
365 Flow Measuring Installations	\$156,204	\$3,959	5.00%	10.00%	\$19,404	0	\$8,295	175,608	12,254
370 Receiving Wells	\$696,137	\$199,051	5.00%	3.33%	\$0	0	\$34,807	696,137	233,858
371 Effluent Pumping Equipment	\$453,558	\$244,706	5.00%	12.50%	\$11,119	0	\$22,956	464,677	267,662
380 Treatment & Disposal Equip	\$0	\$0	5.00%	5.00%	\$6,288	0	\$157	6,288	157
381 Plant Sewers	\$123,289	\$84,017	5.00%	5.00%	\$0	0	\$6,164	123,289	90,181
382 Outfall Sewer Lines	\$0	\$0	5.00%	3.33%	\$0	0	\$0	0	0
389 Other Plant & Misc. Equip	\$804,839	\$80,678	5.00%	6.67%	\$6,221	0	\$40,397	811,059	121,075
390 Office Furniture & Fixt	\$220,360	\$27,165	5.00%	6.67%	\$1,465	0	\$11,055	221,825	38,220
391 Transportation Equipment	\$87,811	\$7,642	5.00%	20.00%	\$0	0	\$4,391	87,811	12,032
393 Tools, Shop, & Garage Equip	\$0	\$0	5.00%	5.00%	\$0	0	\$0	0	0
394 Laboratory Equipment	\$7,280	\$352	5.00%	10.00%	\$209	0	\$369	7,488	721
395 Power Operated Equipment	\$0	\$0	5.00%	5.00%	\$0	0	\$0	0	0
396 Communication Equipment	\$0	\$0	5.00%	10.00%	\$0	0	\$0	0	0
398 Other Tangible Plant	\$0	\$0	5.00%	10.00%	\$0	0	\$0	0	0
2004/2005 Totals	\$8,630,686	\$4,331,129			\$475,805	\$0	\$419,658	\$9,106,491	\$4,750,787



PLANT AND ACCUMULATED DEPRECIATION  
With Staff Recommended Plant Adjustments

	2006 Additions Cost	2006 Retirements		Fully Depreciated	2006		2006 Total Cost	2006 Accumulated Depreciation	2006 Net Book Value
		Cost	Depreciation		Depr. Expense				
351 Organization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
352 Franchise Cost	0	0	0	0	0	0	0	0	0
353 Land & Land Rights	0	0	0	0	0	461,300	0	461,300	0
354 Structures & Improvements	3,625	0	0	0	63,014	1,298,174	1,014,390	283,784	0
355 Power Generation Equip	0	0	0	0	0	0	0	0	0
360 Collection Sewers, Force	3,592	0	0	0	31,339	661,568	216,482	445,086	0
361 Collection Sewers, Gravity	89,849	0	0	0	186,920	3,980,084	2,863,280	1,116,804	0
362 Special Collection Structures	0	0	0	0	0	0	0	0	0
363 Services	10,429	0	0	0	8,634	186,984	145,590	41,394	0
364 Flow Measuring Devices	(182)	0	0	0	1,712	31,512	26,504	5,008	0
365 Flow Measuring Installations	3,740	0	0	0	9,613	179,348	21,868	157,480	0
370 Receiving Wells	2,141	0	0	0	33,890	698,278	267,748	430,530	0
371 Effluent Pumping Equipment	44,676	0	0	0	27,395	509,353	295,056	214,297	0
380 Treatment & Disposal Equip	12,184	0	0	0	619	18,472	776	17,696	0
381 Plant Sewers	0	0	0	0	6,164	123,289	96,346	26,943	0
382 Outfall Sewer Lines	0	0	0	0	0	0	0	0	0
389 Other Plant & Misc. Equip	52,315	0	0	0	43,026	863,374	164,101	699,273	0
390 Office Furniture & Fixtures	0	0	0	0	11,400	221,825	49,620	172,205	0
391 Transportation Equip	0	0	0	0	5,488	87,811	17,520	70,291	0
393 Tools, Shop, & Garage Equip	0	0	0	0	0	0	0	0	0
394 Laboratory Equipment	0	0	0	0	406	7,488	1,126	6,362	0
395 Power Operated Equip	0	0	0	0	0	0	0	0	0
396 Communication Equipment	0	0	0	0	0	0	0	0	0
398 Other Tangible Plant	0	0	0	0	0	0	0	0	0
2006 Totals	\$222,369	\$0	\$0	\$0	\$429,620	\$9,328,860	\$5,180,408	\$4,148,452	



PLANT AND ACCUMULATED DEPRECIATION  
With Staff Recommended Plant Adjustments

	2007 Additions Cost	2007 Retirements		Fully Depreciated	2007		2007 Total Cost	2007 Accumulated Depreciation	2007 Net Book Value
		Cost	Depreciation		Depr. Expense				
351 Organization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
352 Franchise Cost	0	0	0	0	0	0	0	0	0
353 Land & Land Rights	0	0	0	0	0	461,300	0	0	461,300
354 Structures & Improvements	(18,852)	0	0	0	42,915	1,279,322	1,057,306	222,016	222,016
355 Power Generation Equip	0	0	0	0	0	0	0	0	0
360 Collection Sewers, Force	32,466	0	0	0	13,556	694,034	230,038	463,996	463,996
361 Collection Sewers, Gravity	178,995	0	0	0	81,392	4,159,079	2,944,671	1,214,408	1,214,408
362 Special Collection Structures	0	0	0	0	0	0	0	0	0
363 Services	0	0	0	0	3,740	186,984	149,330	37,654	37,654
364 Flow Measuring Devices	0	0	0	0	3,151	31,512	29,655	1,857	1,857
365 Flow Measuring Installations	0	0	0	0	17,935	179,348	39,802	139,546	139,546
370 Receiving Wells	0	0	0	0	23,253	698,278	291,001	407,277	407,277
371 Effluent Pumping Equipment	69,428	0	0	0	68,008	578,781	363,065	215,716	215,716
380 Treatment & Disposal Equip	4,387	0	0	0	1,033	22,859	1,809	21,050	21,050
381 Plant Sewers	0	0	0	0	6,164	123,289	102,510	20,779	20,779
382 Outfall Sewer Lines	0	0	0	0	0	0	0	0	0
389 Other Plant & Misc. Equip	(158)	0	0	0	57,582	863,216	221,683	641,533	641,533
390 Office Furniture & Fixt	2,763	0	0	0	14,888	224,588	64,507	160,081	160,081
391 Transportation Equip	19,556	0	0	0	19,518	107,367	37,038	70,329	70,329
393 Tools, Shop, & Garage Equip	3,493	0	0	0	87	3,493	87	3,406	3,406
394 Laboratory Equipment	0	0	0	0	749	7,488	1,875	5,613	5,613
395 Power Operated Equip	0	0	0	0	0	0	0	0	0
396 Communication Equipment	0	0	0	0	0	0	0	0	0
398 Other Tangible Plant	0	0	0	0	0	0	0	0	0
2007 Totals	\$292,078	\$0	\$0	\$0	\$353,971	\$9,620,938	\$5,534,379	\$4,086,559	\$4,086,559



PLANT AND ACCUMULATED DEPRECIATION  
With Staff Recommended Plant Adjustments

	2008	Six Months						2008 Net Book Value
	Additions Cost	2008 Retirements		Fully Depreciated	2008		2008 Accumulated Depreciation	
		Cost	Depreciation		Depr. Expense	Total Cost		
351 Organization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
352 Franchise Cost	0	0	0	0	0	0	0	
353 Land & Land Rights	0	0	0	0	0	0	461,300	
354 Structures & Improvements	1,280,897	0	0	0	31,964	2,560,219	1,470,949	
355 Power Generation Equip	0	0	0	0	0	0	0	
360 Collection Sewers, Force	13,858	0	0	0	7,010	707,892	470,844	
361 Collection Sewers, Gravity	125,870	0	0	0	42,220	4,284,949	1,298,058	
362 Special Collection Structures	0	0	0	0	0	0	0	
363 Services	11,739	0	0	0	1,929	198,723	47,464	
364 Flow Measuring Devices	0	0	0	0	1,576	31,512	281	
365 Flow Measuring Installations	274	0	0	0	8,974	179,622	130,845	
370 Receiving Wells	255,684	21,091	21,091	0	13,579	932,871	649,382	
371 Effluent Pumping Equipment	78,867	0	0	0	38,638	657,648	255,945	
380 Treatment & Disposal Equip	120,719	0	0	0	2,080	143,578	139,688	
381 Plant Sewers	1,238	0	0	0	3,098	124,527	18,919	
382 Outfall Sewer Lines	0	0	0	0	0	0	0	
389 Other Plant & Misc. Equip	76,216	0	0	0	30,059	939,432	687,690	
390 Office Furniture & Fixt	0	0	0	0	7,490	224,588	152,591	
391 Transportation Equip	0	0	0	0	10,737	107,367	59,592	
393 Tools, Shop, & Garage Equip	2,262	0	0	0	116	5,755	5,552	
394 Laboratory Equipment	0	0	0	0	374	7,488	5,239	
395 Power Operated Equip	0	0	0	0	0	0	0	
396 Communication Equipment	40,451	0	0	0	1,011	40,451	39,440	
398 Other Tangible Plant	0	0	0	0	0	0	0	
2008 Totals	\$2,008,075	\$21,091	\$21,091	\$0	\$200,855	\$11,607,922	\$5,893,779	



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Surrebuttal Schedule CSB-8

**RATE BASE ADJUSTMENT NO. 4 - ADVANCES IN AID OF CONSTRUCTION ("AIAC")**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Advances in Aid of Construction	\$ 1,457,009	\$ 254,251	\$ 1,711,260

References:

Column A: Company Schedule B-1, Page 1  
Column B: Testimony, CSB, Company Data Request Responses DH 2.4 and 2.5  
Column C: Column [A] + Column [B]



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Surrebuttal Schedule CSB-9

**RATE BASE ADJUSTMENT NO. 5 - ACCUMULATED DEFERRED INCOME TAXES ("ADIT")**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Accumulated Deferred Income Taxes	\$ (170,554)	\$ 170,554	\$ -

References:

Column A: Company Schedule B-1, Page 1  
Column B: Testimony, CSB;  
Column C: Column [A] + Column [B]



## BLACK MOUNTAIN SEWER CORPORATION

Docket No. SW-02361A-08-0609

Test Year Ended June 30, 2008

Surrebuttal Schedule CSB-10

Page 1 of 3

## RATE BASE ADJUSTMENT NO. 6 - WORKING CAPITAL

LINE NO.	DESCRIPTION	[A]		[B]		[C]	
		COMPANY AS FILED		STAFF ADJUSTMENTS		STAFF AS ADJUSTED	
1	Cash Working Capital	\$	-	\$	(101,242)	\$	(101,242)
2							
3							
4							

References:

Column A: Company Schedule B-1

Column B: Testimony, CSB

Column C: Column [A] + Column [B]



RATE BASE ADJUSTMENT NO. 6 - WORKING CAPITAL CONTINUED  
Cash Working Capital - Lead Lag Study

Line No.	Description	[A] Proforma TY Expense	[B] Revenue Lag Days <sup>7</sup>	[C] Expense Lag Days	[D] Net Lag Days	[E] Lead/Lag Factor Col E/365	[F] Cash Working Capital Required (Col A x Col F)
1	Purchased Power	\$ 54,960	9.61	39.79	-30.18	-0.082684932	\$ (4,544)
2	Purchased Wastewater Treatment	\$ 338,381	9.61	38.01	-28.4	-0.077808219	\$ (26,329)
3	Rents - Building	\$ 38,262	9.61	-15.00	24.61	0.067424658	\$ 2,580
4	Scottsdale Capacity Lease <sup>1</sup>	\$ 164,522	9.61	45.00	-35.39	-0.096958904	\$ (15,952)
5	Contractual Services - Allocated Expense	\$ 514,028	9.61	15.00	-5.39	-0.014767123	\$ (7,591)
6	Regulatory Commission Expense - Rate Case Exp <sup>2</sup>	\$ -	0	0	0	0	\$ -
7	Insurance <sup>3</sup>	\$ 18,704	9.61	-15.00	24.61	0.067424658	\$ 1,261
8	Other Operating Expenses	\$ 201,953	9.61	45.00	-35.39	-0.096958904	\$ (19,581)
9	Property Taxes <sup>4</sup>	\$ 27,000	9.61	212.00	-202.39	-0.554493151	\$ (14,971)
10	Income Taxes <sup>5</sup>	\$ -	9.61	91.25	-81.64	-0.223671233	\$ -
11	Synchronized Interest Expense <sup>6</sup>	\$ 72,047	9.61	91.25	-81.64	-0.223671233	\$ (16,115)
12		\$ 1,429,857					\$ (101,242)

<sup>1</sup> The Commission has authorized the debt payment to be treated as an operating expense. As such, Staff increased the number of expense lag days from a negative 15 to 45. The 45 expense lag days is the number of lag days that the Company is proposing for Other Operating Expenses shown on line 8.

<sup>2</sup> Staff removed rate case expense so that customers would not be required to pay a rate of return on any portion of the rate case expense.

<sup>3</sup> Staff reviewed the insurance account activity on the general ledger that was provided in response to MEM 1.06 and found that the Company makes regular payments to its affiliates for insurance. Therefore, consistent with this observation, Staff utilized that 15 expense lag days that the Company proposes for other expenses paid to affiliates

<sup>4</sup> Staff used 212 days. This number of lag days has been previously authorized by the Commission for property taxes (Decision No. 66849, page 8, line 16).

<sup>5</sup> The Company does not file an individual income tax return because the Company's income is consolidated with its affiliates and included on the income tax return of the parent company. It is the Commission's practice, however, to calculate income taxes for utilities on a stand-alone basis. Utilities commonly pay their income taxes on a quarterly basis. Consistent with this approach, Staff calculated 91.25 expense lag days by dividing 365 days by 4 quarterly tax payments.

<sup>6</sup> Interest expense is a component of return and, therefore, a component of revenue. Interest expense requires a cash payment. The Company collects cash used to make interest payments prior to the interest due date. While Black Mountain has possession of these funds, they are a source of cost-free cash that the Company can use until making payments. Staff calculated 91.25 expense lag days by dividing 365 days by 4 quarterly interest payments.

<sup>7</sup> Staff adjusted the amount by averaging the revenue lag days with the revenue lags days of the prior case to reflect the fact that some customers pay their bills before the actual due date.



**RATE BASE ADJUSTMENT NO. 6 - CASH WORKING CAPITAL**  
**Prepayments**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Prepayments	\$ -	\$ 7,152	\$ 7,152
2				
3				
4				

		Per Company's General Ledger	
	Prepaid licenses, fees & permits	\$	(195)
	Prepaid rent	\$	2,174
	Prepaid insurance	\$	7,273
		\$	9,252
	Less: Maricopa County Environmental Services permit fee	\$	2,100
		\$	7,152

References:

Column A: Company Schedule B-1  
Column B: Testimony, CSB  
Column C: Column [A] + Column [B]



OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	(A) COMPANY ADJUSTED TEST YEAR AS FILED	(B) STAFF TEST YEAR ADJUSTMENTS	Adj. No.	(C) STAFF TEST YEAR AS ADJUSTED	(D) STAFF PROPOSED CHANGES	(E) STAFF RECOMMENDED
1	<u>REVENUES:</u>						
2	Flat Rate Revenues	\$ 1,557,337	\$ -		\$ 1,557,337	\$ 543,935	\$ 2,101,272
3	Measured Revenues	15,917	-		15,917	-	15,917
4	Other Wastewater Revenues	6,916	-		6,916	-	6,916
5	Intentionally Left Blank	-	-		-	-	-
6	Total Operating Revenues	\$ 1,580,170	\$ -		\$ 1,580,170	\$ 543,935	\$ 2,124,105
7							
8	<u>OPERATING EXPENSES:</u>						
9	Salaries and Wages	\$ -	\$ -		\$ -	\$ -	\$ -
10	Purchased Wastewater Treatment	335,255	3,125	1,2	338,380	-	338,380
11	Sludge Removal Expense	706	-		706	-	706
12	Purchased Power	54,690	-		54,690	-	54,690
13	Fuel for Power Production	928	-		928	-	928
14	Chemicals	37,489	3,324	3,4	40,813	-	40,813
15	Materials & Supplies	11,224	-		11,224	-	11,224
16	Contractual Services, Legal&Engr	9,362	(4,861)	7,8	4,501	-	4,501
17	Contractual Sevices - Other	553,043	(123,960)	5,6,7,8,13	429,083	-	429,083
18	Contractual Services - Testing	16,955	(1,733)	12	15,222	-	15,222
19	Equipment Rental	1,863	-		1,863	-	1,863
20	Rents - Building	19,830	18,432	10	38,262	-	38,262
21	Transportation	34,445	(5,375)	11	29,070	-	29,070
22	General Liability Insurance	18,704	-		18,704	-	18,704
23	Insurance - Other	990	-		990	-	990
24	Regulatory Commission/Rate Case Expense	60,000	-		60,000	-	60,000
25	Miscellaneous Expense	20,845	-		20,845	-	20,845
26	Bad Debt Expense	11,962	(4,067)	9	7,895	-	7,895
27	Scottsdale Capacity (Operating Lease)	164,522	-		164,522	-	164,522
28	Amort. Of Addit'l Scottsdale Capacity	48,629	-		48,629	-	48,629
29	Depreciation	224,818	9,217	14	234,035	-	234,035
30	Taxes other than Income	(1,780)	1,780	15	-	-	-
31	Property Taxes	32,414	(5,179)	16	27,235	3,157	30,392
32	Income Taxes	7,760	29,574	17	37,334	219,667	257,001
33	Intentionally Left Blank	-	-		-	-	-
34	Total Operating Expenses	\$ 1,664,654	\$ (79,723)		\$ 1,584,931	\$ 222,824	\$ 1,807,755
35	Operating Income (Loss)	\$ (84,484)	\$ 79,723		\$ (4,761)	\$ 321,110	\$ 316,349

References:

Column (A): Company Schedule C-1  
Column (B): Schedule MEM-13  
Column (C): Column (A) + Column (B)  
Column (D): Schedules MEM-1 and MEM-2  
Column (E): Column (C) + Column (D)



SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] Scottsdale Treatment Price Increase ADJ #1	[C] Annualize Wastewater Treatment ADJ #2	[D] Chemicals Expense Price Increase ADJ #3	[E] Annualize Chemicals Expense ADJ #4	[F] Corporate Expense Allocation ADJ #5	[G] Affiliate Increase ADJ #6	[H] Expensed Plant ADJ #7	[I] Normalized Maint., Legal & Engr. Expenses ADJ #8	[J] Bad Debt Expense ADJ #9
1	REVENUES:										
2	Flat Rate Revenues	\$ 1,557,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Measured Revenues	15,917	-	-	-	-	-	-	-	-	-
4	Other Wastewater Revenues	6,916	-	-	-	-	-	-	-	-	-
5	Intentionally Left Blank										
6	Total Operating Revenues	\$ 1,580,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7											
8	OPERATING EXPENSES:										
9	Salaries and Wages	\$ -	\$ 2,509	\$ 616	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Purchased Wastewater Trmt	335,255	-	-	-	-	-	-	-	-	-
11	Sludge Removal Expense	706	-	-	-	-	-	-	-	-	-
12	Purchased Power	54,690	-	-	-	-	-	-	-	-	-
13	Fuel for Power Production	928	-	-	-	-	-	-	-	-	-
14	Chemicals	37,489	-	-	3,191	-	-	-	-	-	-
15	Materials & Supplies	11,224	-	-	-	133	-	-	-	-	-
16	Contractual Services, Legal&Engr	9,362	-	-	-	-	-	-	-	-	-
17	Contractual Services - Other	553,043	-	-	-	-	-	-	-	-	-
18	Contractual Services - Testing	16,955	-	-	-	-	-	-	-	-	-
19	Equipment Rental	1,863	-	-	-	-	-	-	-	-	-
20	Rents - Building	19,830	-	-	-	-	-	-	-	-	-
21	Transportation	34,445	-	-	-	-	-	-	-	-	-
22	General Liability Insurance	18,704	-	-	-	-	-	-	-	-	-
23	Insurance - Other	990	-	-	-	-	-	-	-	-	-
24	Reg Comm/Rate Case Expense	60,000	-	-	-	-	-	-	-	-	-
25	Miscellaneous Expense	20,845	-	-	-	-	-	-	-	-	-
26	Bad Debt Expense	11,962	-	-	-	-	-	-	-	-	-
27	Scottsdale Cap (Operating Lease)	164,522	-	-	-	-	-	-	-	-	-
28	Add'l Scottsdale Capacity Amort.	48,629	-	-	-	-	-	-	-	-	-
29	Depreciation	224,818	-	-	-	-	-	-	-	-	-
30	Taxes other than Income	(1,780)	-	-	-	-	-	-	-	-	-
31	Property Taxes	32,414	-	-	-	-	-	-	-	-	-
32	Income Taxes	7,760	-	-	-	-	-	-	-	-	-
33	Intentionally Left Blank										
34	Total Operating Expenses	\$ 1,664,654	\$ 2,509	\$ 616	\$ 3,191	\$ 133	\$ (24,492)	\$ (50,302)	\$ (9,141)	\$ (29,941)	\$ (4,067)
35	Operating Income (Loss)	\$ (84,484)	\$ (2,509)	\$ (616)	\$ (3,191)	\$ (133)	\$ 24,492	\$ 50,302	\$ 9,141	\$ 29,941	\$ 4,067



SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR CONTINUED

LINE NO.	DESCRIPTION	[K] Rents Expense ADJ #10 Ref. Sch CSB-22	[L] Transportation Expense ADJ #11 Ref. Sch CSB-23	[M] Testing Expense ADJ #12 Ref. Sch CSB-24	[N] Bonuses, Meals, and Other Expenses ADJ #13 Ref. Sch CSB-25	[O] Depreciation Expense ADJ #14 Ref. Sch CSB-26	[P] Taxes Other Than Income Exp ADJ #15 Ref. Sch CSB-27	[Q] Property Tax Expense ADJ #16 Ref. Sch CSB-28	[R] Income Tax Expense ADJ #17 Ref. Sch CSB-29	[S] STAFF ADJUSTED
1	REVENUES:									
2	Flat Rate Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,557,337
3	Measured Revenues	-	-	-	-	-	-	-	-	15,917
4	Other Wastewater Revenues	-	-	-	-	-	-	-	-	6,916
5	Intentionally Left Blank	-	-	-	-	-	-	-	-	-
6	Total Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,580,170
7										
8	OPERATING EXPENSES:									
9	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 338,380
10	Purchased Wastewater Trmt	-	-	-	-	-	-	-	-	706
11	Sludge Removal Expense	-	-	-	-	-	-	-	-	54,690
12	Purchased Power	-	-	-	-	-	-	-	-	928
13	Fuel for Power Production	-	-	-	-	-	-	-	-	40,813
14	Chemicals	-	-	-	-	-	-	-	-	11,224
15	Materials & Supplies	-	-	-	-	-	-	-	-	4,501
16	Contractual Services, Legal&Engr	-	-	-	(14,945)	-	-	-	-	429,083
17	Contractual Services - Other	-	-	(1,733)	-	-	-	-	-	15,222
18	Contractual Services - Testing	-	-	-	-	-	-	-	-	1,863
19	Equipment Rental	-	-	-	-	-	-	-	-	38,262
20	Rents - Building	18,432	(5,375)	-	-	-	-	-	-	29,070
21	Transportation	-	-	-	-	-	-	-	-	18,704
22	General Liability Insurance	-	-	-	-	-	-	-	-	990
23	Insurance - Other	-	-	-	-	-	-	-	-	60,000
24	Reg Comm/Rate Case Expense	-	-	-	-	-	-	-	-	20,845
25	Miscellaneous Expense	-	-	-	-	-	-	-	-	7,895
26	Bad Debt Expense	-	-	-	-	-	-	-	-	164,522
27	Scottsdale Cap (Operating Lease)	-	-	-	-	-	-	-	-	48,629
28	Add'l Scottsdale Capacity Amort.	-	-	-	-	-	-	-	-	234,035
29	Depreciation	-	-	-	-	9,217	-	-	-	-
30	Taxes other than Income	-	-	-	-	-	1,780	(5,179)	-	27,235
31	Property Taxes	-	-	-	-	-	-	-	29,574	37,334
32	Income Taxes	-	-	-	-	-	-	-	-	-
33	Intentionally Left Blank	-	-	-	-	-	-	-	-	-
34	Total Operating Expenses	\$ 18,432	\$ (5,375)	\$ (1,733)	\$ (14,945)	\$ 9,217	\$ 1,780	\$ (5,179)	\$ 29,574	\$ 1,584,931
35	Operating Income (Loss)	\$ (18,432)	\$ 5,375	\$ 1,733	\$ 14,945	\$ (9,217)	\$ (1,780)	\$ 5,179	\$ (29,574)	\$ (4,761)



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Surrebuttal Schedule CSB-13

**OPERATING INCOME ADJUSTMENT NO. 1 - SCOTTSDALE TREATMENT PRICE INCREASE**

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Wastewater Treatment	\$ 335,255	\$ -	\$ 335,255
2	Scottsdale Treatment Price Increase	-	2,509	2,509
3	Total Purchased Wastewater Treatment	\$ 335,255	\$ 2,509	\$ 337,764

References:

Column A: Company Schedule C-1

Column B: Testimony, CSB; Company Rebuttal Schedule C-1, Page 2.1

Column C: Column [A] + Column [B]



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Surrebuttal Schedule CSB-14

OPERATING INCOME ADJUSTMENT NO. 2 - ANNUALIZE WASTEWATER TREATMENT

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Wastewater Treatment	\$ 335,255	\$ -	\$ 335,255
2	Annualize Treatment Expense	-	616	616
3	Total Purchased Wastewater Treatment	\$ 335,255	\$ 616	\$ 335,871

References:

Column A: Company Schedule C-1

Column B: Testimony, CSB; Company Rebuttal Schedule C-1, Page 2.1

Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 3 - CHEMICALS PRICE INCREASE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Chemicals	\$ 37,489	\$ -	\$ 37,489
2	Chemicals Price Increase	-	3,191	3,191
3	Total Chemicals Expense	\$ 37,489	\$ 3,191	\$ 40,680

References:

Column A: Company Schedule C-1

Column B: Testimony, CSB; Company Rebuttal Schedule C-1, Page 2.1

Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 4 - ANNUALIZE CHEMICALS EXPENSE

LINE		[A]	[B]	[C]
		COMPANY	STAFF	STAFF
NO.	DESCRIPTION	PROPOSED	ADJUSTMENTS	RECOMMENDED
1	Chemicals	\$ 37,489	\$ -	\$ 37,489
2	Chemicals Price Increase	-	133	133
3	Total Chemicals Expense	\$ 37,489	\$ 133	\$ 37,622

References:

Column A: Company Schedule C-1

Column B: Testimony, CSB; Company Rebuttal Schedule C-1, Page 2.1

Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 5 - EXPENSE ALLOCATIONS  
FROM UNREGULATED AFFILIATE

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS (Col C - Col A)	(C) STAFF AS ADJUSTED
1	Contractual Services - Other	\$ 527,099	\$ -	\$ 527,099
2	Corporate Expense Allocation	25,944	(24,492)	1,452
3	Total Contractual Services - Other	\$ 553,043	\$ (24,492)	\$ 528,551

LINE NO.	(D) Description	(E) Amount	(F) Unallowable Costs (Sch CSB-6, P2)	(G) Direct Costs of Unregulated Affiliate(s)	(H) Allowable Common Costs Allocated to All 78 Companies	(I) Allocation <sup>5</sup> %	(J) Costs to be Allocated to Black Mtn (Col I x Col J)
8	COSTS TO BE ALLOCATED TO BLACK MOUNTAIN						
13	Rent	\$ 430,739	\$ -	\$ (430,739)	\$ -	1.28%	\$ -
14	Audit <sup>1</sup>	\$ 507,000	\$ -	\$ (456,300)	\$ 50,700	1.28%	\$ 650.00
15	Tax Services <sup>2</sup>	\$ 265,000	\$ -	\$ (238,500)	\$ 26,500	1.28%	\$ 339.74
16	Legal-General <sup>3</sup>	\$ 300,000	\$ -	\$ (284,400)	\$ 15,600	1.28%	\$ 200.00
17	Other Professional Services	\$ 455,000	\$ -	\$ (455,000)	\$ -	1.28%	\$ -
18	Management Fee	\$ 636,619	\$ -	\$ (636,619)	\$ -	1.28%	\$ -
19	Unit Holder Communications	\$ 314,100	\$ -	\$ (314,100)	\$ -	1.28%	\$ -
20	Trustee Fees	\$ 204,000	\$ -	\$ (204,000)	\$ -	1.28%	\$ -
21	Office Costs	\$ 254,100	\$ (46,186)	\$ (207,914)	\$ -	1.28%	\$ -
22	Licenses/Fees and Permits	\$ 305,000	\$ (145,642)	\$ (159,358)	\$ -	1.28%	\$ -
23	Escrow and Transfer Fees	\$ 75,000	\$ -	\$ (75,000)	\$ -	1.28%	\$ -
24	Depreciation Expense <sup>4</sup>	\$ 204,242	\$ -	\$ (183,818)	\$ 20,424	1.28%	\$ 261.85
25		\$ 3,950,800	\$ (191,828)	\$ (3,645,748)	\$ 113,224		\$ 1,451.59

Foot Note 1: Audit - As the parent company's lenders require the APIF to have annual financial audits, Staff assigned the majority of the cost (i.e., 90 percent) to APIF and the remaining 10 percent to its 78 companies/interests.

Foot Note 2: Tax Services - Given the tax complexity of the APIF's many holdings and transactions, Staff assigned the majority of the cost (i.e., 90 percent) to APIF and the remaining 10 percent to its 78 companies/interests.

Foot Note 3: Legal, General - Staff reviewed the legal invoices and found that the very large majority of the legal invoices pertained to the APIF. Staff identified only one invoice that specifically related to Black Mountain. The cost indicated on the invoice that was directly related to Black Mountain was approximately \$200.

Foot Note 4: Depreciation Expense - Given that most of APIF's plant costs benefit primarily APIF, Staff assigned the majority of the cost (i.e., 90 percent) to APIF and the remaining 10 percent to its 78 companies/interests.

Foot Note 5: Allocation Percentage - Calculated as follows: 1 / 78 companies = 1.28%. The 78 companies represents the average of the year-end 2006, 85 companies, and year-end 2007, 71 companies.

References:

Column A: Company Schedule E-5

Column B: Testimony, CSB, Company Data Request Responses CSB 1.45

Column C: Column [A] + Column [B]



## BLACK MOUNTAIN SEWER CORPORATION

Docket No. SW-02361A-08-0609

Test Year Ended June 30, 2008

Surrebuttal Schedule CSB-17

Page 2 of 2

LINE NO.	Category	Description of Unallowable Cost	Amount
1			
2	Office Fees and Expenses	Wind Analysis & Planning Software	\$15,056
3	Office Fees and Expenses	Gold Watches and Clocks	\$16,864
4	Office Fees and Expenses	Pilsner Beer Glasses	\$5,700
5	Office Fees and Expenses	Leafs-Raptors Season Tickets	\$5,066
6	Office Fees and Expenses	Super Bowl XLII Tickets	\$3,500
7		<b>Subtotal for Office Expenses</b>	<b>\$46,186</b>
8			
9	Licenses and Fees	Donation - Wind Project Develop	\$25,000
10	Licenses and Fees	Donation - Water Project in Africa	\$25,000
11	Licenses and Fees	Donation - Cancer Society	\$13,350
12	Licenses and Fees	Donation - Multiple Myeloma	\$5,000
13	Licenses and Fees	Wind Development	\$7,887
14	Licenses and Fees	U.S. Trustee	\$9,375
15	Licenses and Fees	St. Leon Wind Energy	\$12,556
16	Licenses and Fees	Algonquin Power Fund Inc Taxes	\$6,891
17	Licenses and Fees	Algonquin Power Fund Inc Taxes	\$6,794
18	Licenses and Fees	Tax Ruling Request for KMS America & Subs	\$10,000
19	Licenses and Fees	Algonquin Power Fund Inc Taxes	\$23,789
20		<b>Subtotal for Licenses &amp; Fees</b>	<b>\$145,642</b>



OPERATING INCOME ADJUSTMENT NO. 6 - AFFILIATE INCREASE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS (Col C - Col A)	STAFF AS ADJUSTED
1	Contractual Services - Other	\$ 452,439	\$ -	\$ 452,439
2	Affiliate Increase	50,302	(50,302)	-
3	Total Contractual Services - Other	\$ 502,741	\$ (50,302)	\$ 452,439
4				
5				
6				

References:

Column A: Company Schedule C-2, Page 1, Adjustment No. 11

Column B: Testimony, CSB; Company Data Request Responses to MEM 1.28, CSB 9.5, 9.6, 9.8

Column C: Column [A] + Column [B]



**OPERATING INCOME ADJUSTMENT NO. 7 - EXPENSED PLANT**

		[A]	[B]	[C]
LINE NO.	Description	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED (Col A + Col B)
1	Contractual Services, Legal and Engineering Exp	\$ 9,362	\$ (1,500)	\$ 7,862
2	Contractual Services, Other Expense	\$ 553,043	\$ (7,641)	\$ 545,402
3		\$ -		
4		\$ -		
5		\$ -		
6	Total	\$ 562,405	\$ (9,141)	\$ 553,264
7				
8				
9	PLANT COSTS REMOVED FROM CONTRACTUAL SERVICES, LEGAL & ENGINEERING EXPENSE (MEM 1.55)			
10	Acct. No.	Vendor Name	Description	Amount
11	354 - Structures & Improv	Consulting Land Surveyors	Locate existing and set new boundaries	\$ 1,500.00
12				
13				
14	PLANT COSTS REMOVED FROM CONTRACTUAL SERVICES, OTHER EXPENSE (MEM 1.55)			
15	Acct. No.	Vendor Name	Description	Amount
16	354 - Structures & Improv	Consulting Land Surveyors	Locate existing and set new boundaries	\$ 800.00
17				
18				
19	360-Collection Svcs, Force	ADEQ Approval to Construct	Certificate	\$ 1,600.00
20	370-Receiving Wells	ADEQ Approval to Construct	Certificate	\$ 1,200.00
21			Subtotal	\$ 2,800.00
22				
23	371-Effluent Pumping Plant	Keller Equipment Company	Install submersible Pumps	\$ 1,212.00
24	371-Effluent Pumping Plant	Keller Equipment Company	Set two pumps; pull one	\$ 1,591.25
25			Subtotal	\$ 2,803.25
26				
27				
28	381-Plant Sewers	KSK Electric	New cables, sand filters	\$ 1,237.72
29				
30			Total for Contractual Services, Other	\$ 7,640.97
31				
32			Grand Total	\$ 9,140.97

References:

Column A: Company Schedule B-2, Page 3

Column B: Testimony, CSB, Company Data Request Responses MEM 1.55

Column C: Column [A] + Column [B]



## OPERATING INCOME ADJUSTMENT NO. 8 - NORMALIZED MAINTENANCE, LEGAL, &amp; ENGINEERING EXPENSES

LINE NO.		[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Contractual Services - Other	\$ 462,871	\$ (26,580)	\$ 489,451
2	Contractual Services, Legal and Engr.	9,362	(3,361)	9,362
3		\$ 472,233	\$ (29,941)	\$ 498,813
4				
5				[D]
6				Normalized
7				Maintenance Expense
8				(MEM 1.55)
9			Cost of Sewer Spill	\$ 39,870
10			Divided by 3 Years	3
11			Normalized Cost for Sewer Spill	\$ 13,290
12				
13			Normalized Cost for Sewer Spill	\$ 13,290
14			Less: Cost for Sewer Spill	\$ 39,870
15			<b>Staff's Adjustment</b>	<b>(26,580)</b>
16				
17				
18				
19	[E]	[F]	[G]	[H]
20	Year	Contractual Services	Land Surveying	Normalized
21	Company Schedule E-2	Legal & Engr	Costs Capitalized	Legal & Engr. Exp
22			(Sch CSB-14)	(Col E + Col F)
23	6/30/2006	\$ 5,503	\$ -	\$ 5,503
24	6/30/2007	\$ 4,639	\$ -	\$ 4,639
25	6/30/2008	\$ 9,362	\$ (1,500)	\$ 7,862
26				\$ 18,004
27			Divided by 3 Years	3
28			Normalized Legal and Engineering Expense	\$ 6,001
29				
30			Normalized Legal and Engineering Expense	\$ 6,001
31			Less: Legal and Engineering Expense	\$ 9,362
32			<b>Staff's Adjustment</b>	<b>(3,361)</b>

## References:

Column A: Company Schedule C-1

Column B: Testimony, CSB, Company Data Request Response MEM 1.55, Company Schedule E-2

Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 9 - BAD DEBT EXPENSE

LINE NO.		[A]		[B]		[C]	
		COMPANY AS FILED		STAFF ADJUSTMENTS		STAFF AS ADJUSTED	
1	Bad Debt Expense - Test Year	\$	7,898	\$	-	\$	7,898
2	Bad Debt Expense Not Incurred in Test Year	\$	4,067	\$	(4,067)	\$	-
3	Total Bad Debt Expense	\$	11,965	\$	(4,067)	\$	7,898
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							

[D]		[E]	
Year		Bad Debt Expense	
6/30/2006		\$	2,240
6/30/2007		\$	1,757
Amount to Reconcile G/L to Actual Write-offs		\$	70
Bad Debt Expense Not Incurred in Test Year		\$	4,067
6/30/2008		\$	7,898
Bad Debt Expense per Company		\$	11,965

References:

Column A: Company Schedule C-1  
Column B: Testimony, CSB, Company Schedule E-2  
Column C: Column [A] + Column [B]



		[A]	[B]	[C]
LINE NO.		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Rents, Building (1/1/2008 to 6/30/2008)	\$ 19,830	\$ -	\$ 19,830
2	Annualization Adjustment	-	18,432	18,432
3	Total Contractural Services - Other	\$ 19,830	\$ 18,432	\$ 38,262
4				
5				
6				
7				
8				[D]
9				Rents, Building
10				Expense
11				(CSB 10.11)
			Office Rent	\$ 2,368
			Storage Space	\$ 117
12			Utilities	600
13			Taxes	104
14			Total	\$ 3,189
15			Multiplied by 12 months	12
16				\$ 38,262
17			Test Year Rents, Building Expense	\$ 19,830
18			Annualization Adjustment	\$ 18,432

Column A: Company Schedule C-1  
Column B: Testimony, CSB, Company Data Request Response CSB 10.11  
Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 11 - TRANSPORTATION EXPENSE

LINE NO.		[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Transportation Expense	\$ 23,695	\$ -	\$ 23,695
2	2007 Chevrolet Silverado Lease Cost	10,750	(5,375)	5,375
3	Total Contractual Services - Other	\$ 34,445	\$ (5,375)	\$ 29,070

4  
5  
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13  
14  
15

[D]

Transportation  
Expense  
(MEM 1.55)

Annual Lease Expense for 2007 \$ 10,750  
Multiplied by 50.00% Split Between Black Mtn and Litchfield Park  
**Black Mountain's Allocated Costs** \$ 5,375

References:

Column A: Company Schedule C-1  
Column B: Testimony, CSB, Company Data Request Response MEM 1.55 and CSB 10.4  
Column C: Column [A] + Column [B]



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Surrebuttal Schedule CSB-24

OPERATING INCOME ADJUSTMENT NO. 12 - TESTING EXPENSE

LINE		[A] COMPANY	[B] STAFF	[C] STAFF
NO.	DESCRIPTION	PROPOSED	ADJUSTMENTS	RECOMMENDED
1	Testing Expense	\$ 16,955	\$ (1,733)	\$ 15,222

References:

Column A: Company Schedule C-1

Column B: Testimony, CSB, Staff Engineering Report Executive Summary

Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 13 - BONUSES, MEALS, & OTHER EXPENSES

LINE NO.		[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Contractual Services - Other	\$ 487,796	\$ -	\$ 487,796
2	Bonuses, Meals, Beverages, Etc.	14,945	(14,945)	-
3	Total Contractual Services - Other	\$ 502,741	\$ (14,945)	\$ 487,796
4				
5				
6				
7		Bonuses	\$ 13,460	MEM 1.24
8		Meals	526	CSB 10.3
9		Beverages	907	MEM 1.55
10		Charitable Contributions	52	MEM 1.46
11			\$ 14,945	

References:

Column A: Company Schedule C-1

Column B: Testimony, CSB, Company Data Request Response MEM 1.24, 1.46, 1.55, CSB 10.3

Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 14 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A] PLANT in SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated PLANT	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	351	Organization	\$ -	\$ -	\$ -	0.00%	\$ -
2	352	Franchises	\$ -	\$ -	\$ -	0.00%	\$ -
3	353	Land and Land Rights	\$ 461,300	\$ 461,300	\$ -	0.00%	\$ -
4	354	Structures and Improvements	\$ 2,560,220	\$ -	\$ 2,560,220	3.33%	\$ 85,255
5	355	Power Generation Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
6	360	Collection Services - Force	\$ 707,892	\$ -	\$ 707,892	2.00%	\$ 14,158
7	361	Collection Services - Gravity	\$ 4,284,948	\$ -	\$ 4,284,948	2.00%	\$ 85,699
8	362	Special Collecting Structures	\$ -	\$ -	\$ -	2.00%	\$ -
9	363	Services to Customers	\$ 198,723	\$ -	\$ 198,723	2.00%	\$ 3,974
10	364	Flow Measuring Devices	\$ 31,512	\$ -	\$ 31,512	10.00%	\$ 3,151
11	365	Flow Measuring Installations	\$ 179,622	\$ -	\$ 179,622	10.00%	\$ 17,962
12	370	Receiving Wells	\$ 932,871	\$ -	\$ 932,871	3.33%	\$ 31,065
13	371	Effluent Pumping Equipment	\$ 657,647	\$ -	\$ 657,647	12.50%	\$ 82,206
14	380	Treatment and Disposal Equipment	\$ 143,578	\$ -	\$ 143,578	5.00%	\$ 7,179
15	381	Plant Sewers	\$ 124,527	\$ -	\$ 124,527	5.00%	\$ 6,226
16	382	Outfall Sewer Lines	\$ -	\$ -	\$ -	3.33%	\$ -
17	389	Other Plant & Misc. Equipment	\$ 939,432	\$ -	\$ 939,432	6.67%	\$ 62,660
18	390	Office Furniture & Equipment	\$ 224,587	\$ -	\$ 224,587	6.67%	\$ 14,980
19	391	Transportation Equipment	\$ 107,367	\$ -	\$ 107,367	20.00%	\$ 21,473
20	393	Tools, Shop & Garage Equipment	\$ 5,754	\$ -	\$ 5,754	5.00%	\$ 288
21	394	Laboratory Equipment	\$ 7,488	\$ -	\$ 7,488	10.00%	\$ 749
22	395	Power Operated Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
23	396	Communication Equipment	\$ 40,451	\$ -	\$ 40,451	10.00%	\$ 4,045
24	398	Other Tangible Plant	\$ -	\$ -	\$ -	10.00%	\$ -
25		Total Plant	\$ 11,607,919	\$ 461,300	\$ 11,146,619		\$ 441,071
26							
27		Composite Depreciation Rate (Depr Exp / Depreciable Plant):	3.96%				
28		CIAC: \$	5,232,139				
29		Amortization of CIAC (Line 25 x Line 26): \$	207,035				
30							
31		Depreciation Expense Before Amortization of CIAC: \$	441,071				
32		Less Amortization of CIAC: \$	207,035				
33		Test Year Depreciation Expense - Staff: \$	234,035				
34		Depreciation Expense - Company: \$	224,818				
35		Staff's Total Adjustment: \$	9,217				

References:

Column [A]: Schedule CSB-4  
Column [B]: From Column [A]  
Column [C]: Column [A] - Column [B]  
Column [D]: Engineering Staff Report  
Column [E]: Column [C] x Column [D]



## BLACK MOUNTAIN SEWER CORPORATION

Docket No. SW-02361A-08-0609

Test Year Ended June 30, 2008

Surrebuttal Schedule CSB-27

## OPERATING INCOME ADJUSTMENT NO. 15 - TAXES OTHER THAN INCOME

LINE		[A] COMPANY	[B] STAFF	[C] STAFF
<u>NO.</u>	<u>DESCRIPTION</u>	<u>PROPOSED</u>	<u>ADJUSTMENTS</u>	<u>RECOMMENDED</u>
1	Taxes Other Than Income	\$ (1,780)	\$ 1,780	\$ -

References:

Col [A]: Company Schedule C-2

Col [B]: Col [C] - Col [A]

Col [C]: CSB Testimony; Company Data Request Response to MEM 1.58



## BLACK MOUNTAIN SEWER CORPORATION

Docket No. SW-02361A-08-0609

Test Year Ended June 30, 2008

Surrebuttal Schedule CSB-28

## OPERATING INCOME ADJUSTMENT #16 - Property Tax Expense

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$ 1,580,170	\$ 1,580,170
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	3,160,340	\$ 3,160,340
4	Staff Recommended Revenue, Per Schedule CSB-1	1,580,170	\$ 2,124,104
5	Subtotal (Line 4 + Line 5)	4,740,510	5,284,444
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,580,170	\$ 1,761,481
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	3,160,340	\$ 3,522,963
10	Plus: 10% of CWIP -	14,202	14,202
11	Less: Net Book Value of Licensed Vehicles	46,420	\$ 46,420
12	Full Cash Value (Line 9 + Line 10 - Line 11)	3,128,122	\$ 3,490,745
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	656,906	\$ 733,056
15	Composite Property Tax Rate (Per Company Schedule C-2, P:	4.1459%	4.1459%
			\$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	\$ 27,235	
17	Company Proposed Property Tax	32,414	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (5,179)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 30,392
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 27,235
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		\$ 3,157
22	Increase to Property Tax Expense		\$ 3,157
23	Increase in Revenue Requirement		543,934
24	Increase to Property Tax per Dollar Increase in Revenue (Line 19/Line 20)		0.580426%



OPERATING INCOME ADJUSTMENT NO. 17 - TEST YEAR INCOME TAXES

LINE  
NO.

DESCRIPTION

Calculation of Income Tax:

	Test Year
1 Revenue (Schedule CSB-11)	\$ 1,580,170
2 Operating Expenses Excluding Income Taxes	\$ 1,383,075
3 Synchronized Interest (L17)	\$ 72,047
4 Arizona Taxable Income (L1 - L2 - L3)	\$ 125,048
5 Arizona State Income Tax Rate	6.9680%
6 Arizona Income Tax (L4 x L5)	\$ 8,713
7 Federal Taxable Income (L4 - L6)	\$ 116,335
8 Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ 7,500
9 Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ 6,250
10 Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ 8,500
11 Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ 6,371
12 Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -
13 Total Federal Income Tax	\$ 28,621
14 Combined Federal and State Income Tax (L44 + L51)	\$ 37,334

Calculation of Interest Synchronization:

15 Rate Base (Schedule CSB-13, Col. (C), Line 16)	\$ 3,602,336
16 Weighted Average Cost of Debt	2.00%
17 Synchronized Interest (L16 x L17)	\$ 72,047

18	Income Tax - Per Staff	\$ 37,334
19	Income Tax - Per Company	\$ 7,760
20	Staff Adjustment	\$ 29,574



BLACK MOUNTAIN SEWER CORPORATION

Docket No. SW-02361A-08-0609

Fiscal Year Ended June 30, 2008

Surrebuttal Schedule CSB-30

**RATE DESIGN**

	Present Rates	Company Proposed	Percent Increase	Present Rates	Staff Recommended	Percent Increase
Residential Service-Per Month	\$45.64	\$ 71.08	55.74%	\$45.64	\$61.62	35.02%
Commercial, Regular <sup>1</sup>	\$ 0.18298	\$ 0.28499	55.75%	\$ 0.18298	\$ 0.24705	35.02%

Commercial - Special Rate	Present Rates			Company Proposed		Staff Recommended	
	Gallons Per Day	Monthly Billing	Rate Per Gallon	Monthly Billing	Rate Per Gallon	Monthly Billing	Rate Per Gallon
Name of Business							
BH Enterprises-West	2,525	\$354.36	\$0.14034	N/A	N/A	*	*
BH Enterprises-East	1,400	\$196.48	\$0.14034	N/A	N/A	*	*
Barb's Pet Grooming	250	\$35.09	\$0.14034	N/A	N/A	*	*
Boulder's Resort	29,345	\$4,173.74	\$0.14223	\$8,363.03	\$ 0.28499	\$5,635.22	\$0.19203
Carefree Dental	1,625	\$228.05	\$0.14034	N/A	N/A	*	*
Ridgecrest Realty	450	\$63.87	\$0.14193	N/A	N/A	*	*
Desert Forest	7,000	\$1,144.08	\$0.16344	\$1,994.93	\$ 0.28499	\$1,544.69	\$0.22067
Desert Hills Pharmacy	800	\$136.49	\$0.17061	N/A	N/A	*	*
El Pedregal	15,787	\$2,215.55	\$0.14034	\$4,499.14	\$ 0.28499	\$2,991.34	\$0.18948
Lemon Tree	300	\$41.07	\$0.13691	N/A	N/A	*	*
Body Shop	1,000	\$176.47	\$0.17647	N/A	N/A	*	*
Spanish Village	4,985	\$699.59	\$0.14034	\$1,420.68	\$ 0.28499	\$944.57	\$0.18948
Boulder's Club	1,200	\$168.41	\$0.14034	\$341.99	\$ 0.28499	\$341.99	\$0.18948
Anthony Vuitaggio	300	\$46.79	\$0.15597	N/A	N/A	*	*

Effluent Sales	Effluent Sales		
	Present Rates	Company Proposed	Staff Recommended
Per thousand gallons	\$0.374400	\$0.460510	\$0.460510
Per Acre Feet	\$122.00	\$150.00	

	Present Rates	Company Proposed	Staff Recommended
Service Charges:			
Establishment	\$ 25.00	\$ 25.00	\$ 25.00
Re-establishment	\$ 25.00	\$ 25.00	\$ 25.00
Re-connection	No Charge	No Charge	No Charge
Minimum Deposit (Residential)	(a)	(a)	(a)
Minimum Deposit (Non-Residential)	(a)	(a)	(a)
Deposit Interest	(a)	(a)	6.00%
NSF Check Charge	\$ 10.00	\$ 10.00	\$ 10.00
Deferred Payment Finance Charge	1.50%	1.50%	1.50%
Late Charge	1.50%	1.50%	1.50%
Main Extension Tariff	Cost	Cost (b)	Cost
Hook-Up Fee for New Service <sup>1</sup>	\$ 6.47	\$ 6.47	N/A

<sup>1</sup> Per Gallon per Day. Wastewater flows are based on Engineering Bulletin 12, Table 1 published by ADEQ.

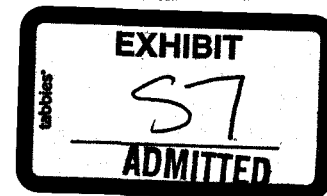
(a) Per A.A.C. R14-2-603B: Residential - two times average bill, Non-residential - two and one-half times average bill

(b) Per A.A.C. R14-2-606B

N/A Not included in current or proposed tariff.

\* Staff recommends that this rate be removed from the tariff.





BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES

Chairman

GARY PIERCE

Commissioner

PAUL NEWMAN

Commissioner

SANDRA D. KENNEDY

Commissioner

BOB STUMP

Commissioner

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. SW-02361A-08-0609  
BLACK MOUNTAIN SEWER CORPORATION, )  
FOR A DETERMINATION OF THE FAIR )  
VALUE OF ITS UTILITY PLANT AND )  
PROPERTY AND FOR INCREASES IN ITS )  
RATES AND CHARGES FOR UTILITY )  
SERVICE BASED THEREON. )  
\_\_\_\_\_ )

SUPPLEMENTAL

SURREBUTTAL

TESTIMONY

OF

CRYSTAL S. BROWN

PUBLIC UTILITIES ANALYST V

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

NOVEMBER 19, 2009



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**EXECUTIVE SUMMARY**  
**BLACK MOUNTAIN SEWER COMPANY, INC.**  
**DOCKET NO. SW-02361A-08-0609**

Staff recommends an increase in revenue of \$553,240 or a 35.01 percent increase over test year revenue of \$1,580,170. The total annual revenue of \$2,133,410 produces an operating income of \$318,059 or a 9.40 percent rate of return on Staff's recommended fair value rate base of \$3,383,526. Staff's Supplemental Surrebuttal Testimony supplements Staff's Surrebuttal Testimony on the following issues:

1. Rate Base
  - a. Odor Control Plant Equipment
  - b. Accumulated Deferred Income Taxes
  - c. Cash Working Capital
2. Operating Income
  - a. Bad Debt Expense
  - b. Rate Case Expense



**INTRODUCTION**

**Q. Please state your name, occupation, and business address.**

A. My name is Crystal S. Brown. I am a Public Utilities Analyst V employed by the Arizona Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

**Q. Are you the same Crystal S. Brown who filed Direct Testimony in this case?**

A. Yes.

**PURPOSE OF SUPPLEMENTAL SURREBUTTAL TESTIMONY**

**Q. What is the purpose of your Supplemental Surrebuttal Testimony in this proceeding?**

A. The purpose of my Supplemental Surrebuttal Testimony in this proceeding is to present Staff's recommendations based upon additional analysis of the Company's lead-lag study and its responses to Staff's data requests that were not reflected in Staff's Surrebuttal Testimony.

**Q. What issues will you address?**

A. I will address the issues listed below that are discussed in the Rebuttal Testimony of Black Mountain witness Mr. Thomas J. Bourassa.

1. Rate Base

- a. Odor Control Plant Equipment
- b. Accumulated Deferred Income Taxes
- c. Cash Working Capital

2. Operating Income

- a. Bad Debt Expense
- b. Rate Case Expense



1 **Q. What is Staff's recommended revenue?**

2 A. Staff now recommends an increase in revenue of \$553,240 or a 35.01 percent increase  
3 over test year revenue of \$1,580,170. The total annual revenue of \$2,133,410 produces an  
4 operating income of \$318,059 or a 9.40 percent rate of return on Staff's recommended fair  
5 value rate base of \$3,383,526.  
6

7 **Q. How does Staff's recommended revenue compare to the recommended revenue in**  
8 **Staff's Surrebuttal Testimony?**

9 A. Staff's recommended revenue has increased by \$9,306, from \$2,124,105 in its Surrebuttal  
10 testimony to \$2,133,410 in its Supplemental Testimony as follow:  
11

	Surrebuttal	Increase	Supplemental Surrebuttal
Recommended Revenue	\$ 2,124,105	\$ 9,306	\$ 2,133,410
Test Year Revenue	\$ 1,580,170	\$ -	\$ 1,580,170
Recommended Increase	\$ 543,935	\$ 9,306	\$ 553,240
% Increase	34.42%	0.59%	35.01%
Rate Base	\$ 3,365,416	\$ 18,110	\$ 3,383,526
Rate of Return	9.4%	\$ -	9.40%

12  
13 **RATE BASE**

14 *Odor Control Plant Equipment*

15 **Q. What was Staff's Surrebuttal position regarding the Company's proposed inclusion**  
16 **of \$38,625 for an odor control unit (Bourassa rebuttal testimony 5:17-19)?**

17 A. Staff did not include the odor control equipment in plant in service because Staff was  
18 awaiting supporting documentation from the Company that included, but was not limited  
19 to, the invoice and canceled check.  
20



1 **Q. Did the Company provide the invoice and canceled check for the odor control**  
2 **equipment?**

3 A. No it did not.  
4

5 **Q. Can Staff make the appropriate adjustments to rate base without this information?**

6 A. No, Staff cannot. Staff must verify the cost of the plant, recalculate the accumulated  
7 depreciation, and verify how the plant was financed.  
8

9 **Q. What is Staff's recommendation?**

10 A. Staff recommends that if the Company cannot provide adequate documentation by the end  
11 of the hearing, the odor control equipment be included in plant in service and its related  
12 accumulated depreciation be included in the accumulated depreciation account as the  
13 Company proposes, but be treated as CIAC with the appropriate adjustment to that  
14 account. This treatment would have no net impact on rate base.  
15

16 *Rate Base Adjustment No. 5 - Accumulated Deferred Income Taxes*

17 **Q. Did the Company provide adequate documentation for its accumulated deferred**  
18 **income taxes ("ADITs")?**

19 A. No, it did not. The Company provided a 2007 tax depreciation schedule. It provided  
20 estimates rather than actual amounts for the 2008 taxes related to the test year. The gross  
21 depreciable plant on the tax depreciation schedule of \$5,671,344 did not agree with the  
22 gross plant on Schedule B-2, page 7. Further, only one number in the Company's  
23 response to Staff's data request CSB 11- 4 was supported with documentation.  
24



1 Q. What is Staff's recommendation concerning the Company's proposed ADIT  
2 balance?

3 A. Staff continues to recommend increasing accumulated deferred income taxes by \$170,554,  
4 from a negative \$170,554 to \$0 as shown on Supplemental Surrebuttal Schedule CSB-9.  
5

6 *Rate Base Adjustment No. 6 - Working Capital*

7 Q. Did Staff review the work papers supporting the Company's lead-lag study in more  
8 detail?

9 A. Yes.  
10

11 Q. What work paper did Staff perform more detailed analysis upon?

12 A. Staff reviewed the Company's file that provided a history of bill dates and customer  
13 payment dates. The file also calculated the number of days after the bill date that  
14 customers paid their bills. Using the Company provided customer payment information,  
15 Staff determined that on average customers paid their bills 19.23 days after the bill date.  
16 Further, the Company indicated that the bills were sent out on average within about 4.65  
17 days of the first day of the service period. The average customer payment date is 23.88  
18 (i.e.  $19.23 + 4.65 = 23.88$ ). Therefore, the customer payment lag (which is measured from  
19 the midpoint of service to the customer payment date) and is the same as the revenue lag  
20 for this case is 8.88 days. It is calculated as follows:  $23.88$  (payment date) -  $15$  (midpoint  
21 of service period) =  $8.88$ .  
22

23

<u>Service Begins</u>	<u>Bill Sent</u>	<u>Service Midpoint</u>	<u>Payment Is Made</u>	<u>Service Ends</u>
1 <sup>st</sup> Day	4.65 Day	15 <sup>th</sup> Day	23.88 Day	30 <sup>th</sup> Day

24  
25  
26



1 **Q. What other changes did Staff make to the lead-lag study?**

2 A. Staff removed synchronized interest as Staff has not recognized debt in the Company's  
3 capital structure. Staff adopted the Company's expense lag days for income tax expense  
4 and reflected Staff's operating expenses.

5  
6 **Q. How does the cash working capital calculated in Staff's Supplemental Surrebuttal**  
7 **Testimony compare to the cash working capital calculated in Staff's Surrebuttal**  
8 **Testimony?**

9 A. It increases cash working capital by \$18,110, from a negative \$101,242 to a negative  
10 \$83,132.

11  
12 **Q. What is Staff's recommendation for cash working capital?**

13 A. Staff recommends decreasing cash working capital by \$83,132, from \$0 to a negative  
14 \$83,132 as shown on Surrebuttal Schedule CSB-10.

15  
16 **OPERATING INCOME**

17 **Q. What is Staff's recommendation for rental expense?**

18 A. Staff recommends increasing rental expense by \$18,432 from \$19,830 to \$38,262 as  
19 shown on Surrebuttal Schedule CSB-11 and page 2 of Surrebuttal Schedule CSB-12.

20  
21 *Operating Income Adjustment No. 9 - Bad Debt Expense*

22 **Q. Did Staff review the Company's data request response showing the amount of bad**  
23 **debt expense written off in a subsequent year that was related to test year revenues?**

24 A. Yes. The Company provided evidence showing that \$6,479 in bad debt expense related to  
25 test year revenues was written off in a subsequent year.

26



1 **Q. Does Staff agree with the Company?**

2 A. Yes.

3  
4 **Q. What is Staff's recommendation?**

5 A. Staff recommends increasing bad debt expense by \$2,412, from \$11,965 to \$14,377 as  
6 shown on Supplemental Surrebuttal Schedule CSB-21.

7  
8 *Rate Case Expense*

9 **Q. Did Staff review the Company's data request response concerning the additional**  
10 **\$50,000 rate case expense?**

11 A. Yes. The Company indicated in its response that the costs pertained to costs of the  
12 settlement agreement with a home owners' association.

13  
14 **Q. Does Staff agree that these costs should be included in rate case expense?**

15 A. No. The settlement agreement costs are not pertinent to the processing of the rate case.

16  
17 **Q. What is Staff's recommendation?**

18 A. Staff recommends that the additional \$50,000 in rate case expense be disallowed.

19  
20 **Q. Does this conclude your Supplemental Surrebuttal Testimony?**

21 A. Yes, it does.



REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY FAIR VALUE	(B) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 3,723,245	\$ 3,383,526
2	Adjusted Operating Income (Loss)	\$ (84,484)	\$ (8,438)
3	Current Rate of Return (L2 / L1)	-2.27%	-0.25%
4	Required Rate of Return	12.80%	9.40%
5	Required Operating Income (L4 * L1)	\$ 476,575	\$ 318,051
6	Operating Income Deficiency (L5 - L2)	\$ 561,059	\$ 326,489
7	Gross Revenue Conversion Factor	1.6286	1.6945
8	Required Revenue Increase (L7 * L6)	\$ 913,780	\$ 553,240
9	Adjusted Test Year Revenue	\$ 1,580,170	\$ 1,580,170
10	Proposed Annual Revenue (L8 + L9)	\$ 2,493,950	\$ 2,133,410
11	Required Increase in Revenue (%)	57.83%	35.01%



GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line	40.9860%			
5	Subtotal (L3 - L4)	59.0140%			
6	Revenue Conversion Factor (L1 / L5)	1.694512			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 23)	40.6414%			
9	One Minus Combined Income Tax Rate (L7 - L8)	59.3586%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 55)	36.1955%			
16	Effective Federal Income Tax Rate (L14 x L15)	33.6734%			
17	Combined Federal and State Income Tax Rate (L13 + L16)		40.6414%		
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	40.6414%			
20	One Minus Combined Income Tax Rate (L18-L19)	59.3586%			
21	Property Tax Factor (CSB-16, L21)	0.5804%			
22	Effective Property Tax Factor (L20*L21)		0.3445%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			40.9860%	
24	Required Operating Income (Schedule CSB-1, Line 5)	\$ 318,051			
25	Adjusted Test Year Operating Income (Loss) (Schedule CSB-11, Line 3	(8,438)			
26	Required Increase in Operating Income (L24 - L25)		\$ 326,489		
27	Income Taxes on Recommended Revenue (Col. [E], L52)	\$ 258,071			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	34,532			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		223,540		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	\$ 2,133,410			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue (CSB-16, Col B, L16)	\$ 30,446			
36	Property Tax on Test Year Revenue (CSB-16, Col A, L16)	27,235			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		3,211		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		\$ 553,240		

	Test Year	Staff Recommended
<u>Calculation of Income Tax:</u>		
39	Revenue (Schedule CSB-11, Col. [C], Line 5 & Sch. CSB-1, Col. [D] Li	\$ 1,580,170
40	Operating Expenses Excluding Income Taxes	\$ 1,389,554
41	Synchronized Interest (L56)	\$ 72,047
42	Arizona Taxable Income (L39 - L40 - L41)	\$ 118,569
43	Arizona State Income Tax Rate	6.9680%
44	Arizona Income Tax (L42 x L43)	\$ 8,262
45	Federal Taxable Income (L42 - L44)	\$ 110,307
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ 7,500
47	Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ 6,250
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ 8,500
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ 4,020
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -
51	Total Federal Income Tax	\$ 26,270
52	Combined Federal and State Income Tax (L44 + L51)	\$ 34,532

53 Applicable Federal Income Tax Rate [Col. [E], L51 - Col. [B], L51] / [Col. [E], L45 - Col. [B], L45] 36.1955%

<u>Calculation of Interest Synchronization:</u>		
54	Rate Base (Schedule CSB-3, Col. (C), Line 17	\$ 3,602,336
55	Weighted Average Cost of Debt (Schedule CSB-17, Col. [F], L1 + L2)	2.0000%
56	Synchronized Interest (L45 X L46)	\$ 72,047



RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	Adj. No.	(C) STAFF AS ADJUSTED
1	Plant in Service	\$ 11,357,735	\$ 250,184	1,2	\$ 11,607,919
2	Less: Accumulated Depreciation	5,625,025	89,118	3	5,714,143
3	Net Plant in Service	<u>\$ 5,732,710</u>	<u>\$ 161,066</u>		<u>\$ 5,893,776</u>
<u>LESS:</u>					
4	Contributions in Aid of Construction (CIAC)	\$ 5,232,139	\$ -		\$ 5,232,139
5	Less: Accumulated Amortization	4,214,384	-		\$ 4,214,384
6	Net CIAC	<u>1,017,755</u>	<u>-</u>		<u>\$ 1,017,755</u>
7	Advances in Aid of Construction (AIAC)	1,457,009	254,251	4	1,711,260
8	Customer Deposits	94,290	-		94,290
9	Deferred Income Tax Credits	(170,554)	170,554	5	-
<u>ADD:</u>					
9	Deferred Regulatory Assets	389,035	-		389,035
10	Cash Working Capital	-	(83,132)	6	(83,132)
11	Prepayments	-	7,152	6	7,152
12	Original Cost Rate Base	<u>\$ 3,723,245</u>	<u>\$ (339,719)</u>		<u>\$ 3,383,526</u>

References:

Column (A), Company Schedule B-1  
Column (B): Schedule MEM-4  
Column (C): Column (A) + Column (B)



SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Unrecorded Retirement & Addition Ref. Sch CSB-5	[C] ADJ #2 Expensed Plant Ref. Sch CSB-6	[D] ADJ #3 Accumulated Depreciation Ref. Sch CSB-7	[E] ADJ #4 AIAC Ref. Sch CSB-8	[F] ADJ #5 Accumulated Deferred Income Taxes Ref. Sch CSB-9	[G] ADJ #6 Working Capital Ref. Sch CSB-10	[H] STAFF ADJUSTED
<u>PLANT IN SERVICE:</u>										
1	351	Organization	-	-	-	-	-	-	-	-
2	352	Franchises	461,300	-	-	-	-	-	-	461,300
3	353	Land and Land Rights	2,557,920	-	2,300	-	-	-	-	2,560,220
4	354	Structures and Improvements	-	-	-	-	-	-	-	-
5	355	Power Generation Equipment	706,292	-	1,600	-	-	-	-	707,892
6	360	Collection Services - Force	4,284,948	-	-	-	-	-	-	4,284,948
7	361	Collection Services - Gravity	-	-	-	-	-	-	-	-
8	362	Special Collecting Structures	198,723	-	-	-	-	-	-	198,723
9	363	Services to Customers	31,512	-	-	-	-	-	-	31,512
10	364	Flow Measuring Devices	179,622	-	-	-	-	-	-	179,622
11	365	Flow Measuring Installations	690,628	-	-	-	-	-	-	690,628
12	370	Receiving Wells	654,844	241,043	1,200	-	-	-	-	932,871
13	371	Effluent Pumping Equipment	143,578	-	2,803	-	-	-	-	143,578
14	380	Treatment and Disposal Equipment	123,289	-	1,238	-	-	-	-	124,527
15	381	Plant Sewers	-	-	-	-	-	-	-	-
16	382	Outfall Sewer Lines	939,432	-	-	-	-	-	-	939,432
17	389	Other Plant & Misc. Equipment	224,587	-	-	-	-	-	-	224,587
18	390	Office Furniture & Equipment	107,367	-	-	-	-	-	-	107,367
19	391	Transportation Equipment	5,754	-	-	-	-	-	-	5,754
20	393	Tools, Shop & Garage Equipment	7,488	-	-	-	-	-	-	7,488
21	394	Laboratory Equipment	-	-	-	-	-	-	-	-
22	395	Power Operated Equipment	-	-	-	-	-	-	-	-
23	396	Communication Equipment	-	-	-	-	-	-	-	-
24	398	Other Tangible Plant	40,451	-	-	-	-	-	-	40,451
25	398	Other Tangible Plant	-	-	-	-	-	-	-	-
26			-	-	-	-	-	-	-	-
27		Total Plant in Service	\$ 11,357,735	\$ 241,043	\$ 9,141	\$ 89,118	\$ -	\$ -	\$ -	\$ 11,607,919
28		Less: Accumulated Depreciation	\$ 5,625,025	-	-	-	-	-	-	\$ 5,714,143
29										
30		Net Plant in Service (L59 - L 60)	\$ 5,732,710	\$ 241,043	\$ 9,141	\$ (89,118)	\$ -	\$ -	\$ -	\$ 5,893,776
31										
32										
33		LESS:								
34		Contributions in Aid of Construction (CIAC)	\$ 5,232,139	-	-	-	-	-	-	\$ 5,232,139
35		Less: Accumulated Amortization	4,214,384	-	-	-	-	-	-	4,214,384
36		Net CIAC (L25 - L26)	1,017,755	-	-	-	-	-	-	1,017,755
37		Advances in Aid of Construction (AIAC)	1,457,009	-	-	-	254,251	-	-	1,711,260
38		Customer Deposits	94,290	-	-	-	-	-	-	94,290
39		Deferred Income Taxes	(170,554)	-	-	-	-	170,554	-	-
40			-	-	-	-	-	-	-	-
41			-	-	-	-	-	-	-	-
42		ADD:								
43		Deferred Reg Asset - Unamortized Balance of Scottsdale Treatment	389,035	-	-	-	-	-	-	389,035
44		Cash Working Capital	-	-	-	-	-	-	(83,132)	(83,132)
45		Prepayments	-	-	-	-	-	-	7,152	7,152
46		Original Cost Rate Base	\$ 3,723,245	\$ 241,043	\$ 9,141	\$ (89,118)	\$ (254,251)	\$ (170,554)	\$ (75,980)	\$ 3,383,526



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Supplemental Surrebuttal Schedule CSB-5

**RATE BASE ADJUSTMENT NO. 1 - UNRECORDED PLANT RETIREMENT  
AND PLANT ADDITION**

LINE NO.	Description	[A]		[B]		[C]	
		COMPANY AS FILED		ADJUSTMENTS		STAFF AS ADJUSTED Col A - Col B	
1	Account 370 - Receiving Wells	\$	690,628	\$	-	\$	690,628
2	Old Trade Center Lift Station		-		(13,208)		(13,208)
3	New Trade Center Lift Station		-	\$	254,251		254,251
4		\$	690,628	\$	241,043	\$	931,671

References:

Column A: Company Schedule B-2, Page 3

Column B: Testimony, CSB, Company Data Request Responses DH 2.4 and 2.5

Column C: Column [A] + Column [B]



**RATE BASE ADJUSTMENT NO. 2 - EXPENSED PLANT**

			[A]	[B]	[C]
LINE NO.	Plant Account Number	Description	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED (Col A + Col B)
1	354	Structures and Improvemnts	\$ 461,300	\$ 2,300	\$ 463,600
2	360	Collection Services, Force	\$ 706,292	\$ 1,600	\$ 707,892
3	370	Receiving Wells	\$ 690,628	\$ 1,200	\$ 691,828
4	371	Effluent Pumping Equip	\$ 654,844	\$ 2,803	\$ 657,647
5	381	Plant Sewers	\$ 123,289	\$ 1,238	\$ 124,527
6		Total	\$ 2,636,353	\$ 9,141	\$ 2,645,494
7					
8					
9	FROM CONTRACTUAL SERVICES, LEGAL & ENGINEERING EXPENSE (MEM 1.55)				
10	Acct. No.	Vendor Name	Description	Amount	
11	354 - Structures & Improv	Consulting Land Surveyors	Locate existing and set new boundaries	\$ 1,500.00	
12					
13					
14	FROM CONTRACTUAL SERVICES, OTHER EXPENSE (MEM 1.55)				
15	Acct. No.	Vendor Name	Description	Amount	
16	354 - Structures & Improv	Consulting Land Surveyors	Locate existing and set new boundaries	\$ 800.00	
17					
18					
19	360-Collection Srvcs, Force	ADEQ Approval to Construct	Certificate	\$ 1,600.00	
20	370-Receiving Wells	ADEQ Approval to Construct	Certificate	\$ 1,200.00	
21			Subtotal	\$ 2,800.00	
22					
23	371-Effluent Pumping Plant	Keller Equipment Company	Install submersible Pumps	\$ 1,212.00	
24	371-Effluent Pumping Plant	Keller Equipment Company	Set two pumps; pull one	\$ 1,591.25	
25			Subtotal	\$ 2,803.25	
26					
27					
28	381-Plant Sewers	KSK Electric	New cables, sand filters	\$ 1,237.72	
29					
30			Total for Contractual Services, Other	\$ 7,640.97	
31					
32			Grand Total	\$ 9,140.97	

References:

Column A: Company Schedule B-2, Page 3  
Column B: Testimony, CSB, Company Data Request Responses MEM 1.55  
Column C: Column [A] + Column [B]



**RATE BASE ADJUSTMENT NO. 3 - ACCUMULATED DEPRECIATION**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Accumulated Depreciation	\$ 5,625,025	\$ 89,118	\$ 5,714,143

References:

Column A: Company Schedule B-1, Page 1  
Column B: Testimony, CSB; Schedule CSB-7, Page 5 of 5  
Column C: Column [A] + Column [B]



PLANT AND ACCUMULATED DEPRECIATION  
With Staff Recommended Plant Adjustments

	Staff 31-Dec-04 Original Cost	Staff 31-Dec-04 Accumulated Depreciation	Depreciation Rates		2005 Additions	2005 Retirements	Depreciation Expense	2005 Total Cost	2005 Accumulated Depreciation
			Before Dec. 69164	After Dec. 69164					
351 Organization Cost	\$0	\$0	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0
352 Franchise Cost	\$0	\$0	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0
353 Land & Land Rights	\$461,300	\$0	0.00%	0.00%	\$0	\$0	\$0	461,300	0
354 Structures & Improvements	\$1,239,905	\$888,015	5.00%	3.33%	\$54,645	0	\$63,361	1,294,549	951,376
355 Power Generation Equip	\$0	\$706	5.00%	5.00%	\$0	0	(\$706)	0	0
360 Collection Sewers, Force	\$568,413	\$154,483	5.00%	2.00%	\$89,562	0	\$30,660	657,976	185,143
361 Collection Sewers, Gravity	\$3,614,544	\$2,488,740	5.00%	2.00%	\$275,691	0	\$187,619	3,890,235	2,676,359
362 Special Collection Structures	\$0	\$0	5.00%	2.00%	\$0	0	\$0	0	0
363 Services	\$157,218	\$128,612	5.00%	2.00%	\$19,337	0	\$8,344	176,555	136,956
364 Flow Measuring Devices	\$39,829	\$23,004	5.00%	10.00%	(\$8,135)	0	\$1,788	31,694	24,792
365 Flow Measuring Installations	\$156,204	\$3,959	5.00%	10.00%	\$19,404	0	\$8,295	175,608	12,254
370 Receiving Wells	\$696,137	\$199,051	5.00%	3.33%	\$0	0	\$34,807	696,137	233,858
371 Effluent Pumping Equipment	\$453,558	\$244,706	5.00%	12.50%	\$11,119	0	\$22,956	464,677	267,662
380 Treatment & Disposal Equip	\$0	\$0	5.00%	5.00%	\$6,288	0	\$157	6,288	157
381 Plant Sewers	\$123,289	\$84,017	5.00%	5.00%	\$0	0	\$6,164	123,289	90,181
382 Outfall Sewer Lines	\$0	\$0	5.00%	3.33%	\$0	0	\$0	0	0
389 Other Plant & Misc. Equip	\$804,839	\$80,678	5.00%	6.67%	\$6,221	0	\$40,397	811,059	121,075
390 Office Furniture & Fixt	\$220,360	\$27,165	5.00%	6.67%	\$1,465	0	\$11,055	221,825	38,220
391 Transportation Equipment	\$87,811	\$7,642	5.00%	20.00%	\$0	0	\$4,391	87,811	12,032
393 Tools, Shop, & Garage Equip	\$0	\$0	5.00%	5.00%	\$0	0	\$0	0	0
394 Laboratory Equipment	\$7,280	\$352	5.00%	10.00%	\$209	0	\$369	7,488	721
395 Power Operated Equipment	\$0	\$0	5.00%	5.00%	\$0	0	\$0	0	0
396 Communication Equipment	\$0	\$0	5.00%	10.00%	\$0	0	\$0	0	0
398 Other Tangible Plant	\$0	\$0	5.00%	10.00%	\$0	0	\$0	0	0
2004/2005 Totals	\$8,630,686	\$4,331,129			\$475,805	\$0	\$419,658	\$9,106,491	\$4,750,787



PLANT AND ACCUMULATED DEPRECIATION  
With Staff Recommended Plant Adjustments

	2006 Additions Cost	2006 Retirements		Fully Depreciated	2006		2006 Total Cost	2006 Accumulated Depreciation	2006 Net Book Value
		Cost	Depreciation		Depr. Expense				
351 Organization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
352 Franchise Cost	0	0	0	0	0	0	0	0	0
353 Land & Land Rights	0	0	0	0	0	461,300	0	461,300	461,300
354 Structures & Improvements	3,625	0	0	0	63,014	1,298,174	1,014,390	283,784	283,784
355 Power Generation Equip	0	0	0	0	0	0	0	0	0
360 Collection Sewers, Force	3,592	0	0	0	31,339	661,568	216,482	445,086	445,086
361 Collection Sewers, Gravity	89,849	0	0	0	186,920	3,980,084	2,863,280	1,116,804	1,116,804
362 Special Collection Structures	0	0	0	0	0	0	0	0	0
363 Services	10,429	0	0	0	8,634	186,984	145,590	41,394	41,394
364 Flow Measuring Devices	(182)	0	0	0	1,712	31,512	26,504	5,008	5,008
365 Flow Measuring Installations	3,740	0	0	0	9,613	179,348	21,868	157,480	157,480
370 Receiving Wells	2,141	0	0	0	33,890	698,278	267,748	430,530	430,530
371 Effluent Pumping Equipment	44,676	0	0	0	27,395	509,353	295,056	214,297	214,297
380 Treatment & Disposal Equip	12,184	0	0	0	619	18,472	776	17,696	17,696
381 Plant Sewers	0	0	0	0	6,164	123,289	96,346	26,943	26,943
382 Outfall Sewer Lines	0	0	0	0	0	0	0	0	0
389 Other Plant & Misc. Equip	52,315	0	0	0	43,026	863,374	164,101	699,273	699,273
390 Office Furniture & Fixtures	0	0	0	0	11,400	221,825	49,620	172,205	172,205
391 Transportation Equip	0	0	0	0	5,488	87,811	17,520	70,291	70,291
393 Tools, Shop, & Garage Equip	0	0	0	0	0	0	0	0	0
394 Laboratory Equipment	0	0	0	0	406	7,488	1,126	6,362	6,362
395 Power Operated Equip	0	0	0	0	0	0	0	0	0
396 Communication Equipment	0	0	0	0	0	0	0	0	0
398 Other Tangible Plant	0	0	0	0	0	0	0	0	0
2006 Totals	\$222,369	\$0	\$0	\$0	\$429,620	\$9,328,860	\$5,180,408	\$4,148,452	\$4,148,452



PLANT AND ACCUMULATED DEPRECIATION  
With Staff Recommended Plant Adjustments

	2007 Additions Cost	2007 Retirements		Fully Depreciated	2007 Depr. Expense	2007 Total Cost	2007 Accumulated Depreciation	2007 Net Book Value
		Cost	Depreciation					
351 Organization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
352 Franchise Cost	0	0	0	0	0	0	0	0
353 Land & Land Rights	0	0	0	0	0	461,300	0	461,300
354 Structures & Improvements	(18,852)	0	0	0	42,915	1,279,322	1,057,306	222,016
355 Power Generation Equip	0	0	0	0	0	0	0	0
360 Collection Sewers, Force	32,466	0	0	0	13,556	694,034	230,038	463,996
361 Collection Sewers, Gravity	178,995	0	0	0	81,392	4,159,079	2,944,671	1,214,408
362 Special Collection Structures	0	0	0	0	0	0	0	0
363 Services	0	0	0	0	3,740	186,984	149,330	37,654
364 Flow Measuring Devices	0	0	0	0	3,151	31,512	29,655	1,857
365 Flow Measuring Installations	0	0	0	0	17,935	179,348	39,802	139,546
370 Receiving Wells	0	0	0	0	23,253	698,278	291,001	407,277
371 Effluent Pumping Equipment	69,428	0	0	0	68,008	578,781	363,065	215,716
380 Treatment & Disposal Equip	4,387	0	0	0	1,033	22,859	1,809	21,050
381 Plant Sewers	0	0	0	0	6,164	123,289	102,510	20,779
382 Outfall Sewer Lines	0	0	0	0	0	0	0	0
389 Other Plant & Misc. Equip	(158)	0	0	0	57,582	863,216	221,683	641,533
390 Office Furniture & Fixt	2,763	0	0	0	14,888	224,588	64,507	160,081
391 Transportation Equip	19,556	0	0	0	19,518	107,367	37,038	70,329
393 Tools, Shop, & Garage Equip	3,493	0	0	0	87	3,493	87	3,406
394 Laboratory Equipment	0	0	0	0	749	7,488	1,875	5,613
395 Power Operated Equip	0	0	0	0	0	0	0	0
396 Communication Equipment	0	0	0	0	0	0	0	0
398 Other Tangible Plant	0	0	0	0	0	0	0	0
2007 Totals	\$292,078	\$0	\$0	\$0	\$353,971	\$9,620,938	\$5,534,379	\$4,086,559



## Six Months

	2008	Six Months						2008 Net Book Value
	Additions Cost	2008 Retirements		Fully Depreciated	2008		2008 Accumulated Depreciation	
		Cost	Cost		Depreciation	Depr. Expense		
351 Organization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
352 Franchise Cost	0	0	0	0	0	0	0	
353 Land & Land Rights	0	0	0	0	0	461,300	461,300	
354 Structures & Improvements	1,280,897	0	0	0	31,964	2,560,219	1,089,270	
355 Power Generation Equip	0	0	0	0	0	0	0	
360 Collection Sewers, Force	13,858	0	0	0	7,010	707,892	237,048	
361 Collection Sewers, Gravity	125,870	0	0	0	42,220	4,284,949	2,986,891	
362 Special Collection Structures	0	0	0	0	0	0	0	
363 Services	11,739	0	0	0	1,929	198,723	151,259	
364 Flow Measuring Devices	0	0	0	0	1,576	31,512	31,231	
365 Flow Measuring Installations	274	0	0	0	8,974	179,622	48,777	
370 Receiving Wells	255,684	21,091	21,091	0	13,579	932,871	283,489	
371 Effluent Pumping Equipment	78,867	0	0	0	38,638	657,648	401,703	
380 Treatment & Disposal Equip	120,719	0	0	0	2,080	143,578	3,890	
381 Plant Sewers	1,238	0	0	0	3,098	124,527	105,608	
382 Outfall Sewer Lines	0	0	0	0	0	0	0	
389 Other Plant & Misc. Equip	76,216	0	0	0	30,059	939,432	251,742	
390 Office Furniture & Fixt	0	0	0	0	7,490	224,588	71,997	
391 Transportation Equip	0	0	0	0	10,737	107,367	47,775	
393 Tools, Shop, & Garage Equip	2,262	0	0	0	116	5,755	203	
394 Laboratory Equipment	0	0	0	0	374	7,488	2,249	
395 Power Operated Equip	0	0	0	0	0	0	0	
396 Communication Equipment	40,451	0	0	0	1,011	40,451	1,011	
398 Other Tangible Plant	0	0	0	0	0	0	0	
2008 Totals	\$2,008,075	\$21,091	\$21,091	\$0	\$200,855	\$11,607,922	\$5,714,143	
							\$5,893,779	



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Supplemental Surrebuttal Schedule CSB-8

**RATE BASE ADJUSTMENT NO. 4 - ADVANCES IN AID OF CONSTRUCTION ("AIAC")**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Advances in Aid of Construction	\$ 1,457,009	\$ 254,251	\$ 1,711,260

References:

Column A: Company Schedule B-1, Page 1

Column B: Testimony, CSB, Company Data Request Responses DH 2.4 and 2.5

Column C: Column [A] + Column [B]



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Supplemental Surrebuttal Schedule CSB-9

**RATE BASE ADJUSTMENT NO. 5 - ACCUMULATED DEFERRED INCOME TAXES ("ADIT")**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Accumulated Deferred Income Taxes	\$ (170,554)	\$ 170,554	\$ -

References:

Column A: Company Schedule B-1, Page 1

Column B: Testimony, CSB;

Column C: Column [A] + Column [B]



RATE BASE ADJUSTMENT NO. 6 - WORKING CAPITAL

LINE NO.	DESCRIPTION	[A]		[B]		[C]	
		COMPANY AS FILED		STAFF ADJUSTMENTS		STAFF AS ADJUSTED	
1	Cash Working Capital	\$	-	\$	(83,132)	\$	(83,132)
2							
3							
4							

References:

Column A: Company Schedule B-1  
Column B: Testimony, CSB  
Column C: Column [A] + Column [B]



RATE BASE ADJUSTMENT NO. 6 - WORKING CAPITAL CONTINUED  
Cash Working Capital - Lead Lag Study

Line No.	Description	[A] Proforma TY Expense	[B] Revenue Lag Days <sup>7</sup>	[C] Expense Lag Days	[D] Net Lag Days	[E] Lead/Lag Factor Col E/365	[F] Cash Working Capital Required (Col A x Col F)
1	Purchased Power	\$ 54,960	8.88	39.79	-30.91	-0.084684932	\$ (4,654)
2	Purchased Wastewater Treatment	\$ 338,381	8.88	38.01	-29.13	-0.079808219	\$ (27,006)
3	Rents - Building	\$ 38,262	8.88	-15.00	23.88	0.065424658	\$ 2,503
4	Scottsdale Capacity Lease <sup>1</sup>	\$ 164,522	8.88	45.00	-36.12	-0.098958904	\$ (16,281)
5	Contractual Services - Allocated Expense	\$ 429,083	8.88	15.00	-6.12	-0.016767123	\$ (7,194)
6	Regulatory Commission Expense - Rate Case Exp <sup>2</sup>	\$ -	0	0	0	0	\$ -
7	Insurance <sup>3</sup>	\$ 18,704	8.88	-15.00	23.88	0.065424658	\$ 1,224
8	Other Operating Expenses	\$ 140,536	8.88	45.00	-36.12	-0.098958904	\$ (13,907)
9	Property Taxes <sup>4</sup>	\$ 27,235	8.88	212.00	-203.12	-0.556493151	\$ (15,156)
10	Income Taxes <sup>5</sup>	\$ 34,532	8.88	37	-28.12	-0.077041096	\$ (2,660)
11	Synchronized Interest Expense <sup>6</sup>	\$ -	-	0	0	0	\$ -
12		\$ 1,246,215					\$ (83,132)

<sup>1</sup> The Commission has authorized the debt payment to be treated as an operating expense. As such, Staff increased the number of expense lag days from a negative 15 to 45. The 45 expense lag days is the number of lag days that the Company is proposing for Other Operating Expenses shown on line 8.

<sup>2</sup> Staff removed rate case expense so that customers would not be required to pay a rate of return on any portion of the rate case expense.

<sup>3</sup> Staff reviewed the insurance account activity on the general ledger that was provided in response to MEM 1.06 and found that the Company makes regular payments to its affiliates for insurance. Therefore, consistent with this observation, Staff utilized that 15 expense lag days that the Company proposes for other expenses paid to affiliates

<sup>4</sup> Staff used 212 days. This number of lag days has been previously authorized by the Commission for property taxes (Decision No. 66849, page 8, line 16).

<sup>5</sup> Staff adopted the 37 days the Company proposed in its Rebuttal testimony.

<sup>6</sup> Interest expense is a component of return and, therefore, a component of revenue. Interest expense requires a cash payment. The Company collects cash used to make interest payments prior to the interest due date. While Black Mountain has possession of these funds, they are a source of cost-free cash that the Company can use until making payments. Staff calculated 91.25 expense lag days by dividing 365 days by 4 quarterly interest payments.

<sup>7</sup> Using the Company provided customer payment information, Staff determined that on average customers paid their bills 19.23 days after the bill date. The Company indicated that the bills were sent out on average about 4.65 days after the first of the service period. The customer payment date is 23.88 calculated by summing 4.65 and 19.23. Therefore, the customer payment lag is 8.88 (i.e., 23.88 (payment date) - 15 (midpoint of service period) = 8.88.)



**RATE BASE ADJUSTMENT NO. 6 - CASH WORKING CAPITAL**  
**Prepayments**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Prepayments	\$ -	\$ 7,152	\$ 7,152
2				
3				
4				

		Per Company's General Ledger
	Prepaid licenses, fees & permits	\$ (195)
	Prepaid rent	\$ 2,174
	Prepaid insurance	\$ 7,273
		\$ 9,252
	Less: Maricopa County Environmental Services permit fee	\$ 2,100
		\$ 7,152

References:

Column A: Company Schedule B-1  
Column B: Testimony, CSB  
Column C: Column [A] + Column [B]



OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY ADJUSTED TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	Adj. No.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
1	<u>REVENUES:</u>						
2	Flat Rate Revenues	\$ 1,557,337	\$ -		\$ 1,557,337	\$ 553,240	\$ 2,110,577
3	Measured Revenues	15,917	-		15,917	-	15,917
4	Other Wastewater Revenues	6,916	-		6,916	-	6,916
5	Intentionally Left Blank	-	-		-	-	-
6	Total Operating Revenues	\$ 1,580,170	\$ -		\$ 1,580,170	\$ 553,240	\$ 2,133,410
7							
8	<u>OPERATING EXPENSES:</u>						
9	Salaries and Wages	\$ -	\$ -		\$ -	\$ -	\$ -
10	Purchased Wastewater Treatment	335,255	3,125	1,2	338,380	-	338,380
11	Sludge Removal Expense	706	-		706	-	706
12	Purchased Power	54,690	-		54,690	-	54,690
13	Fuel for Power Production	928	-		928	-	928
14	Chemicals	37,489	3,324	3,4	40,813	-	40,813
15	Materials & Supplies	11,224	-		11,224	-	11,224
16	Contractual Services, Legal&Engr	9,362	(4,861)	7,8	4,501	-	4,501
17	Contractual Sevices - Other	553,043	(123,960)	5,6,7,8,13	429,083	-	429,083
18	Contractual Services - Testing	16,955	(1,733)	12	15,222	-	15,222
19	Equipment Rental	1,863	-		1,863	-	1,863
20	Rents - Building	19,830	18,432	10	38,262	-	38,262
21	Transportation	34,445	(5,375)	11	29,070	-	29,070
22	General Liability Insurance	18,704	-		18,704	-	18,704
23	Insurance - Other	990	-		990	-	990
24	Regulatory Commission/Rate Case Expense	60,000	-		60,000	-	60,000
25	Miscellaneous Expense	20,845	-		20,845	-	20,845
26	Bad Debt Expense	11,962	2,412	9	14,374	-	14,374
27	Scottsdale Capacity (Operating Lease)	164,522	-		164,522	-	164,522
28	Amort. Of Addit'l Scottsdale Capacity	48,629	-		48,629	-	48,629
29	Depreciation	224,818	9,217	14	234,035	-	234,035
30	Taxes other than Income	(1,780)	1,780	15	-	-	-
31	Property Taxes	32,414	(5,179)	16	27,235	3,211	30,446
32	Income Taxes	7,760	26,772	17	34,532	223,540	258,071
33	Intentionally Left Blank	-	-		-	-	-
34	Total Operating Expenses	\$ 1,664,654	\$ (76,046)		\$ 1,588,608	\$ 226,751	\$ 1,815,359
35	Operating Income (Loss)	\$ (84,484)	\$ 76,046		\$ (8,438)	\$ 326,489	\$ 318,051

References:

Column (A): Company Schedule C-1  
Column (B): Schedule MEM-13  
Column (C): Column (A) + Column (B)  
Column (D): Schedules MEM-1 and MEM-2  
Column (E): Column (C) + Column (D)



SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) Scottsdale Treatment Price Increase ADJ #1 Ref. Sch CSB-13	(C) Annualize Wastewater Treatment ADJ #2 Ref. Sch CSB-14	(D) Chemicals Expense Price Increase ADJ #3 Ref. Sch CSB-15	(E) Annualize Chemicals Expense ADJ #4 Ref. Sch CSB-16	(F) Corporate Allocation ADJ #5 Ref. Sch CSB-17	(G) Affiliate Increase ADJ #6 Ref. Sch CSB-18	(H) Expensed Plant ADJ #7 Ref. Sch CSB-19	(I) Normalized Maint., Legal & Engr. Expenses ADJ #8 Ref. Sch CSB-20	(J) Bad Debt Expense ADJ #9 Ref. Sch CSB-21
1	REVENUES:										
2	Fiat Rate Revenues	\$ 1,557,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Measured Revenues	15,917	-	-	-	-	-	-	-	-	-
4	Other Wastewater Revenues	6,916	-	-	-	-	-	-	-	-	-
5	Intentionally Left Blank										
6	Total Operating Revenues	\$ 1,580,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7											
8	OPERATING EXPENSES:										
9	Salaries and Wages	\$ 335,255	\$ 2,509	\$ 616	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Purchased Wastewater Trmnt	706	-	-	-	-	-	-	-	-	-
11	Sludge Removal Expense	54,690	-	-	-	-	-	-	-	-	-
12	Purchased Power	928	-	-	-	-	-	-	-	-	-
13	Fuel for Power Production	37,489	-	-	-	-	-	-	-	-	-
14	Chemicals	11,224	-	-	3,191	133	-	-	-	-	-
15	Materials & Supplies	9,362	-	-	-	-	-	-	-	-	-
16	Contractual Services, Legal&Engr	553,043	-	-	-	-	(24,492)	(50,302)	(1,500)	(3,361)	-
17	Contractual Services - Other	16,955	-	-	-	-	-	(7,641)	(26,580)	-	-
18	Contractual Services - Testing	1,863	-	-	-	-	-	-	-	-	-
19	Equipment Rental	19,830	-	-	-	-	-	-	-	-	-
20	Rents - Building	34,445	-	-	-	-	-	-	-	-	-
21	Transportation	18,704	-	-	-	-	-	-	-	-	-
22	General Liability Insurance	990	-	-	-	-	-	-	-	-	-
23	Insurance - Other	60,000	-	-	-	-	-	-	-	-	-
24	Reg Comm/Rate Case Expense	20,845	-	-	-	-	-	-	-	-	-
25	Miscellaneous Expense	11,962	-	-	-	-	-	-	-	-	-
26	Bad Debt Expense	164,522	-	-	-	-	-	-	-	-	-
27	Scottsdale Cap (Operating Lease)	48,629	-	-	-	-	-	-	-	-	-
28	Add'l Scottsdale Capacity Amort.	224,818	-	-	-	-	-	-	-	-	-
29	Depreciation	(1,780)	-	-	-	-	-	-	-	-	-
30	Taxes other than Income	32,414	-	-	-	-	-	-	-	-	-
31	Property Taxes	7,760	-	-	-	-	-	-	-	-	-
32	Income Taxes										
33	Intentionally Left Blank										
34	Total Operating Expenses	\$ 1,664,654	\$ 2,509	\$ 616	\$ 3,191	\$ 133	\$ (24,492)	\$ (50,302)	\$ (9,141)	\$ (29,941)	\$ 2,412
35	Operating Income (Loss)	\$ (84,484)	\$ (2,509)	\$ (616)	\$ (3,191)	\$ (133)	\$ 24,492	\$ 50,302	\$ 9,141	\$ 29,941	\$ (2,412)



SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR CONTINUED

LINE NO.	DESCRIPTION	[K] Ref. Sch CSB-22	[L] Ref. Sch CSB-23	[M] Ref. Sch CSB-24	[N] Ref. Sch CSB-25	[O] Ref. Sch CSB-26	[P] Ref. Sch CSB-27	[Q] Ref. Sch CSB-28	[R] Ref. Sch CSB-29	[S] ADJUSTED
1	REVENUES:									
2	Fiat Rate Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,557,337
3	Measured Revenues	-	-	-	-	-	-	-	-	15,917
4	Other Wastewater Revenues	-	-	-	-	-	-	-	-	6,916
5	Intentionally Left Blank	-	-	-	-	-	-	-	-	-
6	Total Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,580,170
7										
8	OPERATING EXPENSES:									
9	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 338,380
10	Purchased Wastewater Trmt	-	-	-	-	-	-	-	-	706
11	Sludge Removal Expense	-	-	-	-	-	-	-	-	54,690
12	Purchased Power	-	-	-	-	-	-	-	-	928
13	Fuel for Power Production	-	-	-	-	-	-	-	-	40,813
14	Chemicals	-	-	-	-	-	-	-	-	11,224
15	Materials & Supplies	-	-	-	-	-	-	-	-	4,501
16	Contractual Services, Legal&Engr	-	-	-	-	-	-	-	-	429,083
17	Contractual Services - Other	-	-	-	-	-	-	-	-	15,222
18	Contractual Services - Testing	-	-	-	-	-	-	-	-	1,863
19	Equipment Rental	-	-	-	-	-	-	-	-	38,262
20	Rents - Building	18,432	-	-	-	-	-	-	-	29,070
21	Transportation	-	(5,375)	-	-	-	-	-	-	18,704
22	General Liability Insurance	-	-	-	-	-	-	-	-	990
23	Insurance - Other	-	-	-	-	-	-	-	-	60,000
24	Reg Comm/Rate Case Expense	-	-	-	-	-	-	-	-	20,845
25	Miscellaneous Expense	-	-	-	-	-	-	-	-	14,374
26	Bad Debt Expense	-	-	-	-	-	-	-	-	164,522
27	Scottsdale Cap (Operating Lease)	-	-	-	-	-	-	-	-	48,629
28	Add'l Scottsdale Capacity Amort.	-	-	-	-	-	-	-	-	234,035
29	Depreciation	-	-	-	-	9,217	-	-	-	-
30	Taxes other than Income	-	-	-	-	-	1,780	-	-	-
31	Property Taxes	-	-	-	-	-	-	(5,179)	-	27,235
32	Income Taxes	-	-	-	-	-	-	-	26,772	34,532
33	Intentionally Left Blank	-	-	-	-	-	-	-	-	-
34	Total Operating Expenses	\$ 18,432	\$ (5,375)	\$ (1,733)	\$ (14,945)	\$ 9,217	\$ 1,780	\$ (5,179)	\$ 26,772	\$ 1,588,608
35	Operating Income (Loss)	\$ (18,432)	\$ 5,375	\$ 1,733	\$ 14,945	\$ (9,217)	\$ (1,780)	\$ 5,179	\$ (26,772)	\$ (8,438)



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Supplemental Surrebuttal Schedule CSB-13

OPERATING INCOME ADJUSTMENT NO. 1 - SCOTTSDALE TREATMENT PRICE INCREASE

LINE		[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
NO.	DESCRIPTION			
1	Purchased Wastewater Treatment	\$ 335,255	\$ -	\$ 335,255
2	Scottsdale Treatment Price Increase	-	2,509	2,509
3	Total Purchased Wastewater Treatment	\$ 335,255	\$ 2,509	\$ 337,764

References:

Column A: Company Schedule C-1

Column B: Testimony, CSB; Company Rebuttal Schedule C-1, Page 2.1

Column C: Column [A] + Column [B]



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Supplemental Surrebuttal Schedule CSB-14

OPERATING INCOME ADJUSTMENT NO. 2 - ANNUALIZE WASTEWATER TREATMENT

LINE		[A]	[B]	[C]
NO.	DESCRIPTION	COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Purchased Wastewater Treatment	\$ 335,255	\$ -	\$ 335,255
2	Annualize Treatment Expense	-	616	616
3	Total Purchased Wastewater Treatment	\$ 335,255	\$ 616	\$ 335,871

References:

Column A: Company Schedule C-1

Column B: Testimony, CSB; Company Rebuttal Schedule C-1, Page 2.1

Column C: Column [A] + Column [B]



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Supplemental Surrebuttal Schedule CSB-15

OPERATING INCOME ADJUSTMENT NO. 3 - CHEMICALS PRICE INCREASE

LINE		[A]	[B]	[C]
NO.	DESCRIPTION	COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Chemicals	\$ 37,489	\$ -	\$ 37,489
2	Chemicals Price Increase	-	3,191	3,191
3	Total Chemicals Expense	\$ 37,489	\$ 3,191	\$ 40,680

References:

Column A: Company Schedule C-1

Column B: Testimony, CSB; Company Rebuttal Schedule C-1, Page 2.1

Column C: Column [A] + Column [B]



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Supplemental Surrebuttal Schedule CSB-16

**OPERATING INCOME ADJUSTMENT NO. 4 - ANNUALIZE CHEMICALS EXPENSE**

LINE		[A]	[B]	[C]
NO.	DESCRIPTION	COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Chemicals	\$ 37,489	\$ -	\$ 37,489
2	Chemicals Price Increase	-	133	133
3	Total Chemicals Expense	\$ 37,489	\$ 133	\$ 37,622

References:

Column A: Company Schedule C-1

Column B: Testimony, CSB; Company Rebuttal Schedule C-1, Page 2.1

Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 5 - EXPENSE ALLOCATIONS  
FROM UNREGULATED AFFILIATE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS (Col C - Col A)	[C] STAFF AS ADJUSTED
1	Contractual Services - Other	\$ 527,099	\$ -	\$ 527,099
2	Corporate Expense Allocation	25,944	(24,492)	1,452
3	Total Contractual Services - Other	\$ 553,043	\$ (24,492)	\$ 528,551

LINE NO.	[D] Description	[E] Amount	[F] Unallowable Costs (Sch CSB-6, P2)	[G] Direct Costs of Unregulated Affiliate(s)	[H] Allowable Common Costs Allocated to All 78 Companies	[I] Allocation <sup>5</sup> %	[J] Costs to be Allocated to Black Mtn (Col I x Col J)
8	COSTS TO BE ALLOCATED TO BLACK MOUNTAIN						
13	Rent	\$ 430,739	\$ -	\$ (430,739)	\$ -	1.28%	\$ -
14	Audit <sup>1</sup>	\$ 507,000	\$ -	\$ (456,300)	\$ 50,700	1.28%	\$ 650.00
15	Tax Services <sup>2</sup>	\$ 265,000	\$ -	\$ (238,500)	\$ 26,500	1.28%	\$ 339.74
16	Legal-General <sup>3</sup>	\$ 300,000	\$ -	\$ (284,400)	\$ 15,600	1.28%	\$ 200.00
17	Other Professional Services	\$ 455,000	\$ -	\$ (455,000)	\$ -	1.28%	\$ -
18	Management Fee	\$ 636,619	\$ -	\$ (636,619)	\$ -	1.28%	\$ -
19	Unit Holder Communications	\$ 314,100	\$ -	\$ (314,100)	\$ -	1.28%	\$ -
20	Trustee Fees	\$ 204,000	\$ -	\$ (204,000)	\$ -	1.28%	\$ -
21	Office Costs	\$ 254,100	\$ (46,186)	\$ (207,914)	\$ -	1.28%	\$ -
22	Licenses/Fees and Permits	\$ 305,000	\$ (145,642)	\$ (159,358)	\$ -	1.28%	\$ -
23	Escrow and Transfer Fees	\$ 75,000	\$ -	\$ (75,000)	\$ -	1.28%	\$ -
24	Depreciation Expense <sup>4</sup>	\$ 204,242	\$ -	\$ (183,818)	\$ 20,424	1.28%	\$ 261.85
25		\$ 3,950,800	\$ (191,828)	\$ (3,645,748)	\$ 113,224		\$ 1,451.59

Foot Note 1: Audit - As the parent company's lenders require the APIF to have annual financial audits, Staff assigned the majority of the cost (i.e., 90 percent) to APIF and the remaining 10 percent to its 78 companies/interests.

Foot Note 2: Tax Services - Given the tax complexity of the APIF's many holdings and transactions, Staff assigned the majority of the cost (i.e., 90 percent) to APIF and the remaining 10 percent to its 78 companies/interests.

Foot Note 3: Legal, General - Staff reviewed the legal invoices and found that the very large majority of the legal invoices pertained to the APIF. Staff identified only one invoice that specifically related to Black Mountain. The cost indicated on the invoice that was directly related to Black Mountain was approximately \$200.

Foot Note 4: Depreciation Expense - Given that most of APIF's plant costs benefit primarily APIF, Staff assigned the majority of the cost (i.e., 90 percent) to APIF and the remaining 10 percent to its 78 companies/interests.

Foot Note 5: Allocation Percentage - Calculated as follows: 1 / 78 companies = 1.28%. The 78 companies represents the average of the year-end 2006, 85 companies, and year-end 2007, 71 companies.

References:

Column A: Company Schedule E-5

Column B: Testimony, CSB, Company Data Request Responses CSB 1.45

Column C: Column [A] + Column [B]



LINE NO.	Category	Description of Unallowable Cost	Amount
1	Category		
2	Office Fees and Expenses	Wind Analysis & Planning Software	\$15,056
3	Office Fees and Expenses	Gold Watches and Clocks	\$16,864
4	Office Fees and Expenses	Pilsner Beer Glasses	\$5,700
5	Office Fees and Expenses	Leafs-Raptors Season Tickets	\$5,066
6	Office Fees and Expenses	Super Bowl XLII Tickets	\$3,500
7		<b>Subtotal for Office Expenses</b>	<b>\$46,186</b>
8			
9	Licenses and Fees	Donation - Wind Project Develop	\$25,000
10	Licenses and Fees	Donation - Water Project in Africa	\$25,000
11	Licenses and Fees	Donation - Cancer Society	\$13,350
12	Licenses and Fees	Donation - Multiple Myeloma	\$5,000
13	Licenses and Fees	Wind Development	\$7,887
14	Licenses and Fees	U.S. Trustee	\$9,375
15	Licenses and Fees	St. Leon Wind Energy	\$12,556
16	Licenses and Fees	Algonquin Power Fund Inc Taxes	\$6,891
17	Licenses and Fees	Algonquin Power Fund Inc Taxes	\$6,794
18	Licenses and Fees	Tax Ruling Request for KMS America & Subs	\$10,000
19	Licenses and Fees	Algonquin Power Fund Inc Taxes	\$23,789
20		<b>Subtotal for Licenses &amp; Fees</b>	<b>\$145,642</b>



OPERATING INCOME ADJUSTMENT NO. 6 - AFFILIATE INCREASE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS (Col C - Col A)	STAFF AS ADJUSTED
1	Contractual Services - Other	\$ 452,439	\$ -	\$ 452,439
2	Affiliate Increase	50,302	(50,302)	-
3	Total Contractual Services - Other	\$ 502,741	\$ (50,302)	\$ 452,439
4				
5				
6				

References:

Column A: Company Schedule C-2, Page 1, Adjustment No. 11

Column B: Testimony, CSB; Company Data Request Responses to MEM 1.28, CSB 9.5, 9.6, 9.8

Column C: Column [A] + Column [B]



## OPERATING INCOME ADJUSTMENT NO. 7 - EXPENSED PLANT

LINE NO.	Description	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED (Col A + Col B)
1	Contractual Services, Legal and Engineering Exp	\$ 9,362	\$ (1,500)	\$ 7,862
2	Contractual Services, Other Expense	\$ 553,043	\$ (7,641)	\$ 545,402
3		\$ -		
4		\$ -		
5		\$ -		
6	Total	\$ 562,405	\$ (9,141)	\$ 553,264
7				
8				
9	PLANT COSTS REMOVED FROM CONTRACTUAL SERVICES, LEGAL & ENGINEERING EXPENSE (MEM 1.55)			
10	Acct. No.	Vendor Name	Description	Amount
11	354 - Structures & Improv	Consulting Land Surveyors	Locate existing and set new boundaries	\$ 1,500.00
12				
13				
14	PLANT COSTS REMOVED FROM CONTRACTUAL SERVICES, OTHER EXPENSE (MEM 1.55)			
15	Acct. No.	Vendor Name	Description	Amount
16	354 - Structures & Improv	Consulting Land Surveyors	Locate existing and set new boundaries	\$ 800.00
17				
18				
19	360-Collection Svcs, Force	ADEQ Approval to Construct	Certificate	\$ 1,600.00
20	370-Receiving Wells	ADEQ Approval to Construct	Certificate	\$ 1,200.00
21			Subtotal	\$ 2,800.00
22				
23	371-Effluent Pumping Plant	Keller Equipment Company	Install submersible Pumps	\$ 1,212.00
24	371-Effluent Pumping Plant	Keller Equipment Company	Set two pumps; pull one	\$ 1,591.25
25			Subtotal	\$ 2,803.25
26				
27				
28	381-Plant Sewers	KSK Electric	New cables, sand filters	\$ 1,237.72
29				
30			Total for Contractual Services, Other	\$ 7,640.97
31				
32			Grand Total	\$ 9,140.97

## References:

Column A: Company Schedule B-2, Page 3

Column B: Testimony, CSB, Company Data Request Responses MEM 1.55

Column C: Column [A] + Column [B]



Column A: Company Schedule C-1  
Column B: Testimony, CSB, Company Data Request Response MEM 1.55, Company Schedule E-2  
Column C: Column [A] + Column [B]



**OPERATING INCOME ADJUSTMENT NO. 9 - BAD DEBT EXPENSE**

LINE NO.		[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Bad Debt Expense - Test Year	\$ 7,898	\$ -	\$ 7,898
2	Bad Debt Expense Not Incurred in Test Year	\$ 4,067	\$ (4,067)	\$ -
3	Bad Debt Expense - Test Year Related	\$ -	\$ 6,479	\$ 6,479
4	Total Bad Debt Expense	\$ 11,965	\$ 2,412	\$ 14,377

[D]	[E]
Year	Bad Debt Expense
6/30/2006	\$ 2,240
6/30/2007	\$ 1,757
Amount to Reconcile G/L to Actual Write-offs	\$ 70
<b>Bad Debt Expense Not Incurred in Test Year</b>	<b>\$ 4,067</b>
6/30/2008	\$ 7,898
Bad Debt Expense per Company	\$ 11,965

References:

Column A: Company Schedule C-1  
Column B: Testimony, CSB, Company Schedule E-2  
Column C: Column [A] + Column [B]



## Supplemental Surrebuttal Schedule CSB-22

		[A]	[B]	[C]
LINE NO.		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Rents, Building (1/1/2008 to 6/30/2008)	\$ 19,830	\$ -	\$ 19,830
2	Annualization Adjustment	-	18,432	18,432
3	Total Contractural Services - Other	\$ 19,830	\$ 18,432	\$ 38,262
4				
5				
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7				
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10				
11				
12				
13				
14				
15				
16				
17				
18				

		[D]
		Rents, Building Expense (CSB 10.11)
	Office Rent	\$ 2,368
	Storage Space	\$ 117
	Utilities	600
	Taxes	104
	Total	\$ 3,189
	Multiplied by 12 months	12
		\$ 38,262
	Test Year Rents, Building Expense	\$ 19,830
	Annualization Adjustment	\$ 18,432

Column A: Company Schedule C-1  
Column B: Testimony, CSB, Company Data Request Response CSB 10.11  
Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 11 - TRANSPORTATION EXPENSE

LINE NO.		[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Transportation Expense	\$ 23,695	\$ -	\$ 23,695
2	2007 Chevrolet Silverado Lease Cost	10,750	(5,375)	5,375
3	Total Contractual Services - Other	\$ 34,445	\$ (5,375)	\$ 29,070

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		[D]	
		Transportation Expense (MEM 1.55)	
	Annual Lease Expense for 2007	\$ 10,750	
	Multiplied by	50.00%	Split Between Black Mtn and Litchfield Park
	<b>Black Mountain's Allocated Costs</b>	\$ 5,375	

References:

Column A: Company Schedule C-1  
Column B: Testimony, CSB, Company Data Request Response MEM 1.55 and CSB 10.4  
Column C: Column [A] + Column [B]



BLACK MOUNTAIN SEWER CORPORATION  
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Test Year Ended June 30, 2008

Supplemental Surrebuttal Schedule CSB-24

OPERATING INCOME ADJUSTMENT NO. 12 - TESTING EXPENSE

LINE		[A] COMPANY	[B] STAFF	[C] STAFF
NO.	DESCRIPTION	PROPOSED	ADJUSTMENTS	RECOMMENDED
1	Testing Expense	\$ 16,955	\$ (1,733)	\$ 15,222

References:

Column A: Company Schedule C-1

Column B: Testimony, CSB, Staff Engineering Report Executive Summary

Column C: Column [A] + Column [B]



**OPERATING INCOME ADJUSTMENT NO. 13 - BONUSES, MEALS, & OTHER EXPENSES**

LINE NO.		[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Contractual Services - Other	\$ 487,796	\$ -	\$ 487,796
2	Bonuses, Meals, Beverages, Etc.	14,945	(14,945)	-
3	Total Contractual Services - Other	\$ 502,741	\$ (14,945)	\$ 487,796
4				
5				
6				
7	Bonuses	\$ 13,460	MEM 1.24	
8	Meals	526	CSB 10.3	
9	Beverages	907	MEM 1.55	
10	Charitable Contributions	52	MEM 1.46	
11			\$ 14,945	

References:

Column A: Company Schedule C-1

Column B: Testimony, CSB, Company Data Request Response MEM 1.24,1.46,1.55, CSB 10.3

Column C: Column [A] + Column [B]



OPERATING INCOME ADJUSTMENT NO. 14 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A] PLANT In SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated PLANT	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	351	Organization	\$ -	\$ -	\$ -	0.00%	\$ -
2	352	Franchises	\$ -	\$ -	\$ -	0.00%	\$ -
3	353	Land and Land Rights	\$ 461,300	\$ 461,300	\$ -	0.00%	\$ -
4	354	Structures and Improvements	\$ 2,560,220	\$ -	\$ 2,560,220	3.33%	\$ 85,255
5	355	Power Generation Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
6	360	Collection Services - Force	\$ 707,892	\$ -	\$ 707,892	2.00%	\$ 14,158
7	361	Collection Services - Gravity	\$ 4,284,948	\$ -	\$ 4,284,948	2.00%	\$ 85,699
8	362	Special Collecting Structures	\$ -	\$ -	\$ -	2.00%	\$ -
9	363	Services to Customers	\$ 198,723	\$ -	\$ 198,723	2.00%	\$ 3,974
10	364	Flow Measuring Devices	\$ 31,512	\$ -	\$ 31,512	10.00%	\$ 3,151
11	365	Flow Measuring Installations	\$ 179,622	\$ -	\$ 179,622	10.00%	\$ 17,962
12	370	Receiving Wells	\$ 932,871	\$ -	\$ 932,871	3.33%	\$ 31,065
13	371	Effluent Pumping Equipment	\$ 657,647	\$ -	\$ 657,647	12.50%	\$ 82,206
14	380	Treatment and Disposal Equipment	\$ 143,578	\$ -	\$ 143,578	5.00%	\$ 7,179
15	381	Plant Sewers	\$ 124,527	\$ -	\$ 124,527	5.00%	\$ 6,226
16	382	Outfall Sewer Lines	\$ -	\$ -	\$ -	3.33%	\$ -
17	389	Other Plant & Misc. Equipment	\$ 939,432	\$ -	\$ 939,432	6.67%	\$ 62,660
18	390	Office Furniture & Equipment	\$ 224,587	\$ -	\$ 224,587	6.67%	\$ 14,980
19	391	Transportation Equipment	\$ 107,367	\$ -	\$ 107,367	20.00%	\$ 21,473
20	393	Tools, Shop & Garage Equipment	\$ 5,754	\$ -	\$ 5,754	5.00%	\$ 288
21	394	Laboratory Equipment	\$ 7,488	\$ -	\$ 7,488	10.00%	\$ 749
22	395	Power Operated Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
23	396	Communication Equipment	\$ 40,451	\$ -	\$ 40,451	10.00%	\$ 4,045
24	398	Other Tangible Plant	\$ -	\$ -	\$ -	10.00%	\$ -
25		Total Plant	\$ 11,607,919	\$ 461,300	\$ 11,146,619		\$ 441,071
26							
27		Composite Depreciation Rate (Depr Exp / Depreciable Plant):	3.96%				
28		CIAC: \$	5,232,139				
29		Amortization of CIAC (Line 25 x Line 26):	\$ 207,035				
30							
31		Depreciation Expense Before Amortization of CIAC:	\$ 441,071				
32		Less Amortization of CIAC:	\$ 207,035				
33		Test Year Depreciation Expense - Staff:	\$ 234,035				
34		Depreciation Expense - Company:	\$ 224,818				
35		Staff's Total Adjustment:	\$ 9,217				

References:

Column [A]: Schedule CSB-4  
Column [B]: From Column [A]  
Column [C]: Column [A] - Column [B]  
Column [D]: Engineering Staff Report  
Column [E]: Column [C] x Column [D]



BLACK MOUNTAIN SEWER CORPORATION  
Docket No. SW-02361A-08-0609  
Test Year Ended June 30, 2008

Supplemental Surrebuttal Schedule CSB-27

**OPERATING INCOME ADJUSTMENT NO. 15 - TAXES OTHER THAN INCOME**

LINE		[A] COMPANY	[B] STAFF	[C] STAFF
<u>NO.</u>	<u>DESCRIPTION</u>	<u>PROPOSED</u>	<u>ADJUSTMENTS</u>	<u>RECOMMENDED</u>
1	Taxes Other Than Income	\$ (1,780)	\$ 1,780	\$ -

References:

Col [A]: Company Schedule C-2

Col [B]: Col [C] - Col [A]

Col [C]: CSB Testimony; Company Data Request Response to MEM 1.58



**OPERATING INCOME ADJUSTMENT #16 - Property Tax Expense**

LINE NO.	Property Tax Calculation	STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$ 1,580,170	\$ 1,580,170
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	3,160,340	\$ 3,160,340
4	Staff Recommended Revenue, Per Schedule CSB-1	1,580,170	\$ 2,133,410
5	Subtotal (Line 4 + Line 5)	4,740,510	5,293,750
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,580,170	\$ 1,764,583
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	3,160,340	\$ 3,529,167
10	Plus: 10% of CWIP -	14,202	14,202
11	Less: Net Book Value of Licensed Vehicles	46,420	\$ 46,420
12	Full Cash Value (Line 9 + Line 10 - Line 11)	3,128,122	\$ 3,496,949
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	656,906	\$ 734,359
15	Composite Property Tax Rate (Per Company Schedule C-2, P:	4.1459%	4.1459%
			\$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	\$ 27,235	
17	Company Proposed Property Tax	32,414	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (5,179)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 30,446
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 27,235
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		\$ 3,211
22	Increase to Property Tax Expense		\$ 3,211
23	Increase in Revenue Requirement		553,240
24	Increase to Property Tax per Dollar Increase in Revenue (Line 19/Line 20)		0.580426%



OPERATING INCOME ADJUSTMENT NO. 17 - TEST YEAR INCOME TAXES

LINE  
NO.

DESCRIPTION

Calculation of Income Tax:

	Test Year
1 Revenue (Schedule CSB-11)	\$ 1,580,170
2 Operating Expenses Excluding Income Taxes	\$ 1,389,554
3 Synchronized Interest (L17)	\$ 72,047
4 Arizona Taxable Income (L1 - L2 - L3)	\$ 118,569
5 Arizona State Income Tax Rate	6.9680%
6 Arizona Income Tax (L4 x L5)	\$ 8,262
7 Federal Taxable Income (L4 - L6)	\$ 110,307
8 Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ 7,500
9 Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ 6,250
10 Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ 8,500
11 Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ 4,020
12 Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -
13 Total Federal Income Tax	\$ 26,270
14 Combined Federal and State Income Tax (L44 + L51)	\$ 34,532

Calculation of Interest Synchronization:

15 Rate Base (Schedule CSB-13, Col. (C), Line 16)	\$ 3,602,336
16 Weighted Average Cost of Debt	2.00%
17 Synchronized Interest (L16 x L17)	\$ 72,047

18	Income Tax - Per Staff	\$ 34,532
19	Income Tax - Per Company	\$ 7,760
20	Staff Adjustment	\$ 26,772



**RATE DESIGN**

	Present Rates	Company Proposed	Percent Increase	Present Rates	Staff Recommended	Percent Increase
Residential Service-Per Month	\$45.64	\$ 71.08	55.74%	\$45.64	\$61.89	35.61%
Commercial, Regular <sup>1</sup>	\$ 0.18298	\$ 0.28499	55.75%	\$ 0.18298	\$ 0.24815	35.61%

Commercial - Special Rate	Present Rates			Company Proposed		Staff Recommended	
Name of Business	Gallons Per Day	Monthly Billing	Rate Per Gallon	Monthly Billing	Rate Per Gallon	Monthly Billing	Rate Per Gallon
BH Enterprises-West	2,525	\$354.36	\$0.14034	N/A	N/A	*	*
BH Enterprises-East	1,400	\$196.48	\$0.14034	N/A	N/A	*	*
Barb's Pet Grooming	250	\$35.09	\$0.14034	N/A	N/A	*	*
Boulder's Resort	29,345	\$4,173.74	\$0.14223	\$8,363.03	\$ 0.28499	\$5,660.17	\$0.19288
Carefree Dental	1,625	\$228.05	\$0.14034	N/A	N/A	*	*
Ridgecrest Realty	450	\$63.87	\$0.14193	N/A	N/A	*	*
Desert Forest	7,000	\$1,144.08	\$0.16344	\$1,994.93	\$ 0.28499	\$1,551.53	\$0.22165
Desert Hills Pharmacy	800	\$136.49	\$0.17061	N/A	N/A	*	*
El Pedregal	15,787	\$2,215.55	\$0.14034	\$4,499.14	\$ 0.28499	\$3,004.59	\$0.19032
Lemon Tree	300	\$41.07	\$0.13691	N/A	N/A	*	*
Body Shop	1,000	\$176.47	\$0.17647	N/A	N/A	*	*
Spanish Village	4,985	\$699.59	\$0.14034	\$1,420.68	\$ 0.28499	\$948.75	\$0.19032
Boulder's Club	1,200	\$168.41	\$0.14034	\$341.99	\$ 0.28499	\$341.99	\$0.19032
Anthony Vuitaggio	300	\$46.79	\$0.15597	N/A	N/A	*	*

Effluent Sales	Effluent Sales		
	Present Rates	Company Proposed	Staff Recommended
Per thousand gallons	\$0.374400	\$0.460510	\$0.460510
Per Acre Feet	\$122.00	\$150.00	

Service Charges:	Present Rates	Company Proposed	Staff Recommended
Establishment	\$ 25.00	\$ 25.00	\$ 25.00
Re-establishment	\$ 25.00	\$ 25.00	\$ 25.00
Re-connection	No Charge	No Charge	No Charge
Minimum Deposit (Residential)	(a)	(a)	(a)
Minimum Deposit (Non-Residential)	(a)	(a)	(a)
Deposit Interest	(a)	(a)	6.00%
NSF Check Charge	\$ 10.00	\$ 10.00	\$ 10.00
Deferred Paymnt Finance Charge	1.50%	1.50%	1.50%
Late Charge	1.50%	1.50%	1.50%
Main Extension Tariff	Cost	Cost (b)	Cost
Hook-Up Fee for New Service <sup>1</sup>	\$ 6.47	\$ 6.47	N/A

<sup>1</sup> Per Gallon per Day. Wastewater flows are based on Engineering Bulletin 12, Table 1 published by ADEQ.

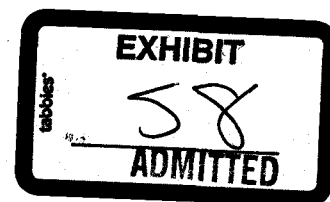
(a) Per A.A.C. R14-2-603B: Residential - two times average bill, Non-residential - two and one-half times average bill

(b) Per A.A.C. R14-2-606B

N/A Not included in current or proposed tariff.

\* Staff recommends that this rate be removed from the tariff.





## **Guidelines for Cost Allocations and Affiliate Transactions:**

The following Guidelines for Cost Allocations and Affiliate Transactions (Guidelines) are intended to provide guidance to jurisdictional regulatory authorities and regulated utilities and their affiliates in the development of procedures and recording of transactions for services and products between a regulated entity and affiliates. The prevailing premise of these Guidelines is that allocation methods should not result in subsidization of non-regulated services or products by regulated entities unless authorized by the jurisdictional regulatory authority. These Guidelines are not intended to be rules or regulations prescribing how cost allocations and affiliate transactions are to be handled. They are intended to provide a framework for regulated entities and regulatory authorities in the development of their own policies and procedures for cost allocations and affiliated transactions. Variation in regulatory environment may justify different cost allocation methods than those embodied in the Guidelines.

The Guidelines acknowledge and reference the use of several different practices and methods. It is intended that there be latitude in the application of these guidelines, subject to regulatory oversight. The implementation and compliance with these cost allocations and affiliate transaction guidelines, by regulated utilities under the authority of jurisdictional regulatory commissions, is subject to Federal and state law. Each state or Federal regulatory commission may have unique situations and circumstances that govern affiliate transactions, cost allocations, and/or service or product pricing standards. For example, The Public Utility Holding Company Act of 1935 requires registered holding company systems to price "at cost" the sale of goods and services and the undertaking of construction contracts between affiliate companies.

The Guidelines were developed by the NARUC Staff Subcommittee on Accounts in compliance with the Resolution passed on March 3, 1998 entitled "Resolution Regarding Cost Allocation for the Energy Industry" which directed the Staff Subcommittee on Accounts together with the Staff Subcommittees on Strategic Issues and Gas to prepare for NARUC's consideration, "Guidelines for Energy Cost Allocations." In addition, input was requested from other industry parties. Various levels of input were obtained in the development of the Guidelines from the Edison Electric Institute, American Gas Association, Securities and Exchange Commission, the Federal Energy Regulatory Commission, Rural Utilities Service and the National Rural Electric Cooperatives Association as well as staff of various state public utility commissions.

In some instances, non-structural safeguards as contained in these guidelines may not be sufficient to prevent market power problems in strategic markets such as the generation market. Problems arise when a firm has the ability to raise prices above market for a sustained period and/or impede output of a product or service. Such concerns have led some states to develop codes of conduct to govern relationships between the regulated utility and its non-regulated affiliates. Consideration should be given to any "unique" advantages an incumbent utility would have over competitors in an emerging market such as the retail energy market. A code of conduct should be used in conjunction with guidelines on cost allocations and affiliate transactions.

### **A. DEFINITIONS**

1. **Affiliates** - companies that are related to each other due to common ownership or control.
2. **Attestation Engagement** - one in which a certified public accountant who is in the practice of public accounting is contracted to issue a written communication that expresses a conclusion about the reliability of a written assertion that is the responsibility of another party.



3. Cost Allocation Manual (CAM) - an indexed compilation and documentation of a company's cost allocation policies and related procedures.
4. Cost Allocations - the methods or ratios used to apportion costs. A cost allocator can be based on the origin of costs, as in the case of cost drivers; cost-causative linkage of an indirect nature; or one or more overall factors (also known as general allocators).
5. Common Costs - costs associated with services or products that are of joint benefit between regulated and non-regulated business units.
6. Cost Driver - a measurable event or quantity which influences the level of costs incurred and which can be directly traced to the origin of the costs themselves.
7. Direct Costs - costs which can be specifically identified with a particular service or product.
8. Fully Allocated costs - the sum of the direct costs plus an appropriate share of indirect costs.
9. Incremental pricing - pricing services or products on a basis of only the additional costs added by their operations while one or more pre-existing services or products support the fixed costs.
10. Indirect Costs - costs that cannot be identified with a particular service or product. This includes but not limited to overhead costs, administrative and general, and taxes.
11. Non-regulated - that which is not subject to regulation by regulatory authorities.
12. Prevailing Market Pricing - a generally accepted market value that can be substantiated by clearly comparable transactions, auction or appraisal.
13. Regulated - that which is subject to regulation by regulatory authorities.
14. Subsidization - the recovery of costs from one class of customers or business unit that are attributable to another.

## B. COST ALLOCATION PRINCIPLES

The following allocation principles should be used whenever products or services are provided between a regulated utility and its non-regulated affiliate or division.

1. To the maximum extent practicable, in consideration of administrative costs, costs should be collected and classified on a direct basis for each asset, service or product provided.
2. The general method for charging indirect costs should be on a fully allocated cost basis. Under appropriate circumstances, regulatory authorities may consider incremental cost, prevailing market pricing or other methods for allocating costs and pricing transactions among affiliates.
3. To the extent possible, all direct and allocated costs between regulated and non-regulated services and products should be traceable on the books of the applicable regulated utility to the applicable Uniform System of Accounts. Documentation should be made available to the appropriate regulatory authority upon request regarding transactions between the regulated utility and its affiliates.
4. The allocation methods should apply to the regulated entity's affiliates in order to prevent



subsidization from, and ensure equitable cost sharing among the regulated entity and its affiliates, and vice versa.

5. All costs should be classified to services or products which, by their very nature, are either regulated, non-regulated, or common to both.

6. The primary cost driver of common costs, or a relevant proxy in the absence of a primary cost driver, should be identified and used to allocate the cost between regulated and non-regulated services or products.

7. The indirect costs of each business unit, including the allocated costs of shared services, should be spread to the services or products to which they relate using relevant cost allocators.

#### C. COST ALLOCATION MANUAL (NOT TARIFFED)

Each entity that provides both regulated and non-regulated services or products should maintain a cost allocation manual (CAM) or its equivalent and notify the jurisdictional regulatory authorities of the CAM's existence. The determination of what, if any, information should be held confidential should be based on the statutes and rules of the regulatory agency that requires the information. Any entity required to provide notification of a CAM(s) should make arrangements as necessary and appropriate to ensure competitively sensitive information derived therefrom be kept confidential by the regulator. At a minimum, the CAM should contain the following:

1. An organization chart of the holding company, depicting all affiliates, and regulated entities.
2. A description of all assets, services and products provided to and from the regulated entity and each of its affiliates.
3. A description of all assets, services and products provided by the regulated entity to non-affiliates.
4. A description of the cost allocators and methods used by the regulated entity and the cost allocators and methods used by its affiliates related to the regulated services and products provided to the regulated entity.

#### D. AFFILIATE TRANSACTIONS (NOT TARIFFED)

The affiliate transactions pricing guidelines are based on two assumptions. First, affiliate transactions raise the concern of self-dealing where market forces do not necessarily drive prices. Second, utilities have a natural business incentive to shift costs from non-regulated competitive operations to regulated monopoly operations since recovery is more certain with captive ratepayers. Too much flexibility will lead to subsidization. However, if the affiliate transaction pricing guidelines are too rigid, economic transactions may be discouraged.

The objective of the affiliate transactions' guidelines is to lessen the possibility of subsidization in order to protect monopoly ratepayers and to help establish and preserve competition in the electric generation and the electric and gas supply markets. It provides ample flexibility to accommodate exceptions where the outcome is in the best interest of the utility, its ratepayers and competition. As with any transactions, the burden of proof for any exception from



the general rule rests with the proponent of the exception.

1. Generally, the price for services, products and the use of assets provided by a regulated entity to its non-regulated affiliates should be at the higher of fully allocated costs or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.
2. Generally, the price for services, products and the use of assets provided by a non-regulated affiliate to a regulated affiliate should be at the lower of fully allocated cost or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.
3. Generally, transfer of a capital asset from the utility to its non-regulated affiliate should be at the greater of prevailing market price or net book value, except as otherwise required by law or regulation. Generally, transfer of assets from an affiliate to the utility should be at the lower of prevailing market price or net book value, except as otherwise required by law or regulation. To determine prevailing market value, an appraisal should be required at certain value thresholds as determined by regulators.
4. Entities should maintain all information underlying affiliate transactions with the affiliated utility for a minimum of three years, or as required by law or regulation.

#### E. AUDIT REQUIREMENTS

1. An audit trail should exist with respect to all transactions between the regulated entity and its affiliates that relate to regulated services and products. The regulator should have complete access to all affiliate records necessary to ensure that cost allocations and affiliate transactions are conducted in accordance with the guidelines. Regulators should have complete access to affiliate records, consistent with state statutes, to ensure that the regulator has access to all relevant information necessary to evaluate whether subsidization exists. The auditors, not the audited utilities, should determine what information is relevant for a particular audit objective. Limitations on access would compromise the audit process and impair audit independence.
2. Each regulated entity's cost allocation documentation should be made available to the company's internal auditors for periodic review of the allocation policy and process and to any jurisdictional regulatory authority when appropriate and upon request.
3. Any jurisdictional regulatory authority may request an independent attestation engagement of the CAM. The cost of any independent attestation engagement associated with the CAM, should be shared between regulated and non-regulated operations consistent with the allocation of similar common costs.
4. Any audit of the CAM should not otherwise limit or restrict the authority of state regulatory authorities to have access to the books and records of and audit the operations of jurisdictional utilities.
5. Any entity required to provide access to its books and records should make arrangements as necessary and appropriate to ensure that competitively sensitive information derived therefrom be kept confidential by the regulator.

#### F. REPORTING REQUIREMENTS

1. The regulated entity should report annually the dollar amount of non-tariffed transactions

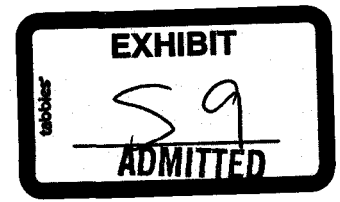


associated with the provision of each service or product and the use or sale of each asset for the following:

- a. Those provided to each non-regulated affiliate.
- b. Those received from each non-regulated affiliate.
- c. Those provided to non-affiliated entities.

2. Any additional information needed to assure compliance with these Guidelines, such as cost of service data necessary to evaluate subsidization issues, should be provided.





# Audit Invoices





March 25, 2008

Algonquin Power Income Fund  
Attention: Mr. David Bronicheski  
2845 Bristol Circle  
Oakville ON L6H 7H7

Invoice No. : 43032725  
Reference : CA001-11592866  
Client : 60110711

KPMG LLP  
Suite 3300 Commerce Court West  
199 Bay Street  
Toronto ON M5L 1B2

Telephone : (416) 777-8500  
Telefax : (416) 777-8818

GST/HST Number 12236 3153 RT0001  
QST Registration 1023774310 TQ0001

Contact : Gord Mount  
Telephone : (416) 777-8125

Final billing with respect to 2007 annual audit.

Less: interim billings

Disbursements

Out-of-pocket

CPAB participation fee surcharge at 1.6% of fees for  
audit and related services rendered on this invoice.

GST

INVOICE AMOUNT

RECEIVED	VENDOR ID
COMPANY	G/L CODE
APIF	1000-1-0000-20-2110-0000
APPROVED	JOB #
PAID	COST CODE

\$ 340,000.00

(200,000.00)

140,000.00

7,000.00

4,387.00

2,240.00

153,627.00

7,681.35

\$ 161,308.35

Payment is due upon receipt

RECEIVED  
APR 04 2008





February 8, 2008

Algonquin Power Income Fund  
Attention: Mr. David Bronicheski  
2845 Bristol Circle  
Oakville, Ontario L6H 7H7

Invoice No. : 42987658  
Reference : CA001-11592866  
Client : 60110711

KPMG LLP  
Suite 3300 Commerce Court West  
199 Bay Street  
Toronto ON M5L 1B2

Telephone : (416) 777-8500  
Telefax : (416) 777-8818

GST/HST Number 12236 3153 RT0001  
QST Registration 1023774310 TQ0001

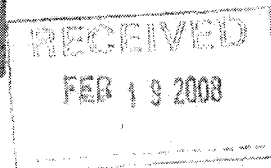
Contact : Gordon R. Mount  
Telephone : (416) 777-8125

Second interim bill with respect to 2007 annual audit.	\$ 100,000.00
Disbursements	5,000.00
CPAB participation fee surcharge at 1.6% of audit and related services rendered on this invoice.	<u>1,600.00</u>
	106,600.00
Goods and Services Tax	<u>5,330.00</u>
INVOICE AMOUNT	<u>\$ 111,930.00</u>

*changeback*

*-02-20 2008*

RECEIVED	VENDOR ID
COMPANY	1000KPMG
APIF	GL CODE
APPROVED	1000-10000-20-2110-0000
PAID	JOB #
	COST CODE



Payment is due upon receipt





November 23, 2007

Algonquin Power Income Fund  
Attention: Mr. David Bronicheski  
2845 Bristol Circle  
Oakville, Ontario L6H 7H7

Invoice No. : 42930673  
Reference : CA001-11592866  
Client : 60110711

KPMG LLP  
Suite 3300 Commerce Court West  
199 Bay Street  
Toronto ON M5L 1B2

Telephone : (416) 777-8500  
Telefax : (416) 777-8818

GST/HST Number 12236 3153 RT0001  
QST Registration 1023774310 TQ0001

Contact : Gordon R. Mount  
Telephone : (416) 777-8125

First interim bill with respect to 2007 annual audit.

\$ 100,000.00

Disbursements

CPAB participation fee surcharge at 1.6% of audit and related services rendered on this invoice.

5,000.00  
POSTED  
-11-23-2007  
OK 1,600.00  
OK 106,600.00

Goods and Services Tax

6,396.00

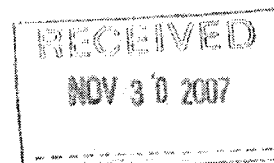
INVOICE AMOUNT

\$ 112,996.00

Interim 2007 AUDIT.

RECEIVED 11/29/07 COMPANY FILE 1000	VENDOR ID
APPROVED	G/L CODE 1000-1.0000.20,210.0000
PAID	JOB #
	EST CODE

OK  
[Signature]



Payment is due upon receipt





May 30, 2008

Mr. David Bronicheski  
Algonquin Power Fund (America) Inc.  
2845 Bristol Circle  
Oakville, ON L6H 7H7

Invoice No. : C 43112799  
Reference : CA001-11627640  
Client : 60117994

KPMG LLP  
Suite 200 Yonge Corporate Centre  
4100 Yonge Street  
North York ON M2P 2H3

Telephone : (416) 228-7000  
Telefax : (416) 228-7123

GST/HST Number 12236 3153 RT0001  
QST Registration 1023774310 TQ0001

Contact : Steve Southard  
Telephone : (416) 228-7105

Progress billing for U.S. tax compliance services rendered through May 15, 2008.

OUR FEE	\$ 78,330.00
GST (zero rated: U.S. Corporation)	0.00
INVOICE AMOUNT	<u>\$ 78,330.00</u>

POSTED

RECEIVED	VENDOR #
COMPANY	G/L CODE
APPROVED	JOB #
PAID	COST CODE

Handwritten notes on form:  
\* 1000 KPMG  
APIF  
1000-1-0000-20-2110-0000

Payment is due upon receipt

JUN 13 2008



**Algonquin Power Fund (America) Inc. & Subsidiaries**  
*Billing detail for U.S. tax services rendered*  
*from September 16, 2007 through May 15, 2008*

	<u>Billing</u>	
<b>Tax Compliance Services</b>		
‣ Progress billing for preparation of 2007 federal and state tax returns for APFA and its subsidiaries / affiliates.	\$ 30,000	✓
‣ Final billing for preparation of 2006 federal and state tax returns for APFA and its subsidiaries / affiliates, including combined state returns.	5,500	✓
‣ Preparation of amended 2006 federal and state tax returns for APFA & Subsidiaries to claim tax refund resulting from revised calculation of earnings stripping [163(j)] limitation on interest deductibility, including research, analysis, and consideration of application of proposed regulations to APFA's ownership structure.	9,500	✓
‣ Calculation of 2007 4th quarter estimated tax payments and preparation of payment vouchers.	1,200	✓
‣ Follow up on various state tax notices for New Hampshire, Vermont, New York, including preparation of response letters to state tax departments.	1,200	✓
<b>Tax Advisory Services</b>		
‣ Various discussions with IRS associate chief counsel office regarding KMS America Inc. private letter ruling request, including adverse conference with IRS, preparation/gathering of additional information requested (affidavits, etc), and various discussions/correspondence between KPMG personnel and Algonquin personnel and legal counsel.	7,400	✓
‣ Meetings with 1) David Bronicheski and Luisa Paniconi to discuss overall U.S. tax matters, including U.S. group's tax structure, potential financing structures, planning opportunities, etc., and 2) Algonquin trustees to discuss overall tax issues (CDN and US), risk areas and opportunities, including preparation for meeting and summary slide package.	8,200	✓
‣ Research and analysis with respect to California sales tax issue on Sanger repowering project, including various discussions with Dan Tobias regarding potential availability of California income tax credit, and research and technical assistance with respect to accounting treatment of sales tax credit.	4,800	✓
‣ Tax assistance with respect to sale of landfill gas facilities, including review of purchase and sale agreements, consideration of federal and California state tax implications upon transfer, and various discussions and emails with Algonquin's legal counsel.	4,000	✓
‣ Miscellaneous other items including: 1) discussions and summary emails regarding potential use of centralized payroll/purchasing company and utilization of SRLY losses, 2) discussions regarding US entity classification of APIF, and 3) discussions regarding cash repatriation alternatives, and including use of short term loan up to Canada.	2,800	✓
<b>Disbursements and Administrative Charges</b>		
‣ Out of pocket expenses including travel, meals, telephone, word-processing, graphics, courier, and administrative support (which should not exceed 10% of total estimated fees)	3,730	✓
<b>Total (CDNS)</b>	<u>\$ 78,330</u>	





May 21, 2008

Algonquin Power Income Fund  
Attention: Mr. David Bronicheski  
2845 Bristol Circle  
Oakville ON L6H 7H7

Invoice No. : 43115156  
Reference : CA001-11705877  
Client : 60110711

KPMG LLP  
Suite 3300 Commerce Court West  
199 Bay Street  
Toronto ON M5L 1B2

Telephone : (416) 777-8500  
Telefax : (416) 777-8818

GST/HST Number 12236 3153 RT0001  
QST Registration 1023774310 TQ0001

Contact : Gord Mount  
Telephone : (416) 777-8125

To professional services rendered in connection with our review  
of the first quarter interim unaudited financial statements at  
March 31, 2008.

\$ 39,000.00

Additional Items

10,000.00

49,000.00

CPAB participation fee surcharge at 1.6% of fees for  
audit and related services rendered on this invoice.

784.00

Out-of-pocket and secretarial

2,450.00

52,234.00

GST

2,611.70

INVOICE AMOUNT

\$ 54,845.70

RECEIVED	1000 KPMG
COMPANY	G/L CODE
APIF	1000-1-0000-20-2410-0000
APPROVED	JOB #
PAID	COST CODE

OK

Payment is due upon receipt

JUN 13 2008





August 20, 2007

Algonquin Power Income Fund  
Attention: Ms. Louisa Paniconi  
2845 Bristol Circle  
Oakville ON L6H 7H7

Invoice No. : 42872090  
Reference : CA001-11598703  
Client : 60110711

KPMG LLP  
Suite 3300 Commerce Court West  
199 Bay Street  
Toronto ON M5L 1B2

Telephone : (416) 777-8500  
Telefax : (416) 777-8818

GST/HST Number 12236 3153 RT0001  
QST Registration 1023774310 TQ0001

Contact : Gord Mount  
Telephone : (416) 777-8125

To professional services rendered in connection with our review  
of the second quarter interim unaudited financial statements.

\$ 37,500.00

Additional matters

7,000.00

44,500.00

CPAB participation fee surcharge at 1.6% of fees for  
audit and related services rendered on this invoice.

712.00

Out-of-pocket and secretarial

2,225.00

47,437.00

GST

2,846.22

INVOICE AMOUNT

\$ 50,283.22

RECEIVED	VENDOR ID
COMPANY	1000 KPMG
APPROVED	G/L CODE
PAID	1000.1.0000.25.2110.0000
	JOB #
	COST CODE

Charged back  
Other companies

Payment is due upon receipt





November 23, 2007

Algonquin Power Income Fund  
Attention: Mr. David Bronicheski  
2845 Bristol Circle  
Oakville ON L6H 7H7

Invoice No. : 42930668  
Reference : CA001-11640327  
Client : 60110711

KPMG LLP  
Suite 3300 Commerce Court West  
199 Bay Street  
Toronto ON M5L 1B2

Telephone : (416) 777-8500  
Telefax : (416) 777-8818

GST/HST Number 12236 3153 RT0001  
QST Registration 1023774310 TQ0001

Contact : Gord Mount  
Telephone : (416) 777-8125

To professional services rendered in connection with our review  
of the third quarter interim unaudited financial statements.

\$ 37,500.00

CPAB participation fee surcharge at 1.6% of fees for  
audit and related services rendered on this invoice.

600.00

Out-of-pocket and secretarial

2,225.00

40,325.00

2,419.50

GST

INVOICE AMOUNT

\$ 42,744.50

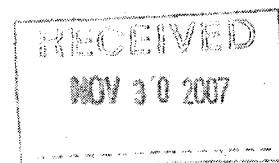
*Q3/07 Review*

RECEIVED 11/29/07	VENDOR ID
COMPANY APPE	G/L CODE 1000.1.0000.20.249.0000
APPROVED 1000	JOB # <i>OK</i>
PAID	LAST CODE

*20,249.00*

Payment is due upon receipt

POSTED  
-11-29-2007  
OAKVILLE







August 7, 2007

Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville, Ontario L6H 7H7

Attention: Ms. Luisa Paniconi

Invoice No. : 42847718  
Reference : CA001-11578979  
Client : 60110711

KPMG LLP  
Suite 3300 Commerce Court West  
199 Bay Street  
Toronto ON M5L 1B2

Telephone : (416) 777-8500  
Telefax : (416) 777-8818

GST/HST Number 12236 3153 RT0001  
QST Registration 1023774310 TQ0001

Contact : Gord Mount  
Telephone : (416) 777-8125

To professional services rendered in connection with translation of  
December 31, 2006 Algonquin Power Income Fund financial  
statements and management, discussion and analysis.

\$ 38,000.00

Goods and Services Tax

2,280.00

INVOICE AMOUNT

\$ 40,280.00

*French Translation 2006 Annual Report*

*Charge back*

*Other companies*

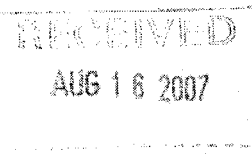
*APIE*  
*1000*

*1000 KPMG*  
C/L CODE

*1000.1.0000.20.2110.0000*

*PAID*

COST CODE



Payment is due upon receipt





May 21, 2008

Algonquin Power Corporation (Long Sault) Partnership and N-R  
Partnership  
Attention: Ms. Luisa Paniconi, Controller  
c/o Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville, Ontario L6H 7H7

Invoice No. : 43101815  
Reference : CA001-11704332  
Client : 60110711

KPMG LLP  
Suite 3300 Commerce Court West  
199 Bay Street  
Toronto ON M5L 1B2

Telephone : (416) 777-8500  
Telefax : (416) 777-8818

GST/HST Number 12236 3153 RT0001  
QST Registration 1023774310 TQ0001

Contact : Gordon Mount  
Telephone : 777-8125

Billing for services in relation to the audit of the financial statements  
of Algonquin Power Corporation (Long Sault) Partnership and  
N-R Partnership for the year ended December 31, 2007.

\$ 20,000.00

Disbursements

1,000.00


21,000.00

Goods and Services Tax

1,050.00

INVOICE AMOUNT

\$ 22,050.00

RECEIVED 5/29/08	VENDOR ID
COMPANY LONG SAULT 3020	G/L CODE 3020.1.0000.20.2110.0000
APPROVED 	
PAID	

POSTED

OAKVILLE

Payment is due upon receipt





April 11, 2008

Algonquin Power Income Fund  
Attention: Mr. David Bronicheski  
2845 Bristol Circle  
Oakville, Ontario L6H 7H7

Invoice No. : 43054410  
Reference : CA001-11592866  
Client : 60110711

KPMG LLP  
Suite 3300 Commerce Court West  
199 Bay Street  
Toronto ON M5L 1B2

Telephone : (416) 777-8500  
Telefax : (416) 777-8818

GST/HST Number 12236 3153 RT0001  
QST Registration 1023774310 TQ0001

Contact : Gordon R. Mount  
Telephone : (416) 777-8125

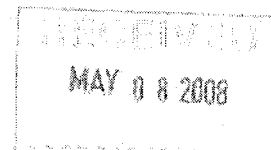
Billing for additional time incurred related to the SIFT calculations  
and December announcement in connection with the audit of the tax  
provision and disclosures for the year ended December 31, 2007.

Our fee	\$ 16,250.00
Out of pocket and secretarial	813.00
	17,063.00
GST	853.15
<b>INVOICE AMOUNT</b>	<b><u>\$ 17,916.50</u></b>

POSTED  
-05-12-2008  
OAKVILLE

RECEIVED	VENDOR ID
COMPANY	G/L CODE
APIF	1000-1-0000-20-2110-0000
APPROVED	JOB #
PAID	COST CODE

Payment is due upon receipt







August 7, 2007

Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville, Ontario L6H 7H7

Attention: Ms. Luisa Paniconi

Invoice No. : 42847736  
Reference : CA001-11567381  
Client : 60110711

KPMG LLP  
Suite 3300 Commerce Court West  
199 Bay Street  
Toronto ON M5L 1B2

Telephone : (416) 777-8500  
Telefax : (416) 777-8818

GST/HST Number 12236 3153 RT0001  
QST Registration 1023774310 TQ0001

Contact : Gord Mount  
Telephone : (416) 777-8125

To professional services rendered in connection with assistance  
provided in connection with implementation of financial  
instruments.

\$ 5,000.00

Out-of-pocket and secretarial

250.00

5,250.00

Goods and Services Tax

315.00

INVOICE AMOUNT

\$ 5,565.00

*Financial Instruments*

APLF 1000		1000.1.0000.20,210.0000
AUG 16 2007		
PAID		
JOB #		
COST CODE		

*Chargeback  
Other companies*

Payment is due upon receipt





MARTYN, DOOLEY & PARTNERS LLP  
CHARTERED ACCOUNTANTS

1-877-467-0001

Suite 200  
4230 Sherwoodtowne Blvd.  
Mississauga, Ontario L4Z 2G6

POSTED  
-04-29-2008  
T 905.279.7500  
F 905.279.9300  
E mdp@mdp.on.ca

## INVOICE

SOCIETE EN COMMANDITE CHUTE  
FORD  
2845 BRISTOL CIRCLE  
OAKVILLE, ON L6H 7H7

Invoice Date: April 8, 2008

Invoice Number: 0-5388

Client Number: 12827

Fee for preparation of annual audited financial statements together with our report as auditors thereon for the year ended December 31, 2007.

\$5,000.00

5,000.00

Tax 250.00

Total Invoice Amount \$5,250.00

RECEIVED	VENDOR ID 3010MDKP
COMPANY APFC	GL CODE 3010-1-0000-20-2110-0000
APPROVED	JOB #
PAID	COST CODE

OK  
SB

POSTED  
-04-29-2008  
OAKVILLE

RECEIVED  
APR 29 2008

GST REGISTRATION # 139261119





MARTYN, DOOLEY & PARTNERS LLP  
CHARTERED ACCOUNTANTS

Suite 200  
4230 Sherwoodtowne Blvd.  
Mississauga, Ontario L4Z 2G6

T 905.279.7500  
F 905.279.9300  
E mdp@mdp.on.ca

## INVOICE

SOCIETE EN COMMANDITE CHUTE  
FORD  
2845 BRISTOL CIRCLE  
OAKVILLE, ON L6H 7H7

Invoice Date: December 4, 2007

Invoice Number: 0-4532

Client Number: 12827

Fee for preparation of annual audited financial statements together with our report as auditors thereon for the year ended December 31, 2006.

\$5,000.00

5,000.00

Tax 300.00

Total Invoice Amount \$5,300.00

2006 AUDIT.

RECEIVED 1/02/08	VENDOR ID
COMPANY 3010	G/L CODE 3010.1.0000.20.2112 DOPO
APPROVED P	JOB #
PAID	COST CODE

POSTED  
-01-21-2008  
OAKVILLE



**CONTRACT CONTROL SERVICES INC.**

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

**INVOICE**




# 07-0914

**TO:**

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

Attn: Ms Luisa Paniconi, CFO

INVOICE DATE September 14th, 2007

Quantity	Description	Rate	Amount										
32.00	Consulting September 4th-7th	150.00	4,800.00										
35.50	Consulting week of September 10th-14th	150.00	5,325.00										
<table border="1"><tr><td>RECEIVED 9/14/07</td><td>VENDOR ID</td></tr><tr><td>COMPANY APR 1100</td><td>G/L CODE 1100.1.9820.75.7350.0000</td></tr><tr><td>APPROVED </td><td>JOB #</td></tr><tr><td>PAID</td><td>COST CODE</td></tr><tr><td colspan="2">GST #849407325</td></tr></table>		RECEIVED 9/14/07	VENDOR ID	COMPANY APR 1100	G/L CODE 1100.1.9820.75.7350.0000	APPROVED 	JOB #	PAID	COST CODE	GST #849407325		SUBTOTAL	10,125.00
RECEIVED 9/14/07	VENDOR ID												
COMPANY APR 1100	G/L CODE 1100.1.9820.75.7350.0000												
APPROVED 	JOB #												
PAID	COST CODE												
GST #849407325													
		GST(6%)	607.50										
Total			10,732.50										



**CONTRACT CONTROL SERVICES INC.**

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

**INVOICE**

# 07-0713

**TO:**

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

Attn: Luisa Paniconi, Interim CFO

INVOICE DATE July 13th, 2007

Quantity	Description	Rate	Amount										
31.25	Consulting week of July 3rd-6th	135.00	4,218.75										
42.00	Consulting week of July 9th-13th	135.00	5,670.00										
<table><tr><td>RECEIVED 7/16/07</td><td>VENDOR ID</td></tr><tr><td>COMPANY ART</td><td>G/L CODE</td></tr><tr><td>1100</td><td>1100.1.9820.7350.0000</td></tr><tr><td>APPROVED 7/16/07</td><td>JOB #</td></tr><tr><td>PAID</td><td>COST CODE</td></tr></table>		RECEIVED 7/16/07	VENDOR ID	COMPANY ART	G/L CODE	1100	1100.1.9820.7350.0000	APPROVED 7/16/07	JOB #	PAID	COST CODE		
RECEIVED 7/16/07	VENDOR ID												
COMPANY ART	G/L CODE												
1100	1100.1.9820.7350.0000												
APPROVED 7/16/07	JOB #												
PAID	COST CODE												
GST #849407325		SUBTOTAL	9,888.75										
		GST(6%)	593.33										
		Total Due	\$ 10,482.08										
73.25	Current Deferred Fee- August 1, 2007	15.00	\$ 1,098.75										
435.75	Cumulative Deferred Fee- Due August 1, 2007	15.00	\$ 6,536.25										

RECEIVED  
JUL 17 2007

Deferred fee accrual

Dr 1100.1.9820.7350.0000 1098.75  
Cr 1100.1.0000.20.2110.0000 <1098.75



POSTED  
OCT 1 2007  
OAKVILLE

# CONTRACT CONTROL SERVICES INC.

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

## INVOICE




# 07-0928

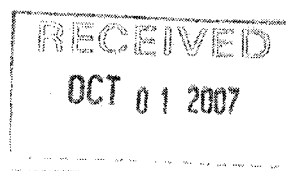
TO:

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

Attn: Ms Luisa Paniconi, CFO

INVOICE DATE September 28th, 2007

Quantity	Description	Rate	Amount								
27.50	Consulting September 17th-20th	150.00	4,125.00								
34.00	Consulting week of September 24th-28th	150.00	5,100.00								
<table><tr><td>RECEIVED 10/01/07</td><td>VENDOR ID</td></tr><tr><td>COMPANY APT 1100</td><td>G/L CODE 1100.1.9820.75.7350.0000</td></tr><tr><td>APPROVED </td><td>JOB #</td></tr><tr><td>PAID</td><td>COST CODE</td></tr></table>				RECEIVED 10/01/07	VENDOR ID	COMPANY APT 1100	G/L CODE 1100.1.9820.75.7350.0000	APPROVED 	JOB #	PAID	COST CODE
RECEIVED 10/01/07	VENDOR ID										
COMPANY APT 1100	G/L CODE 1100.1.9820.75.7350.0000										
APPROVED 	JOB #										
PAID	COST CODE										
GST #849407325		SUBTOTAL	9,225.00								
		GST(6%)	553.50								
Total			9,778.50								





**CONTRACT CONTROL SERVICES INC.**

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

**INVOICE**

# 07-0810

**TO:**

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

INVOICE DATE August 10th, 2007

Attn: Ms Luisa Paniconi, CFO

Quantity	Description	Rate	Amount								
26.50	Consulting August 1st through August 3rd	150.00	3,975.00								
33.00	Consulting week of August 7th-10th	150.00	4,950.00								
<table border="1"><tr><td>RECEIVED</td><td>VENDOR ID</td></tr><tr><td>COMPANY APT 1100</td><td>G/L CODE 1100.1.9820.15.7350.0000</td></tr><tr><td>APPROVED 8/13/07</td><td>JOB #</td></tr><tr><td>PAID</td><td>COST CODE</td></tr></table>		RECEIVED	VENDOR ID	COMPANY APT 1100	G/L CODE 1100.1.9820.15.7350.0000	APPROVED 8/13/07	JOB #	PAID	COST CODE		
RECEIVED	VENDOR ID										
COMPANY APT 1100	G/L CODE 1100.1.9820.15.7350.0000										
APPROVED 8/13/07	JOB #										
PAID	COST CODE										
GST #849407325		SUBTOTAL	8,925.00								
		GST(6%)	535.50								
Total			9,460.50								



**CONTRACT CONTROL SERVICES INC.**

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

**INVOICE**

# 07-1012

**TO:**

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

Attn: Ms Luisa Read

INVOICE DATE October 12th, 2007

Quantity	Description	Rate	Amount																
36.75	Consulting September 17th-20th	150.00	5,512.50																
20.50	Consulting week of September 24th-28th	150.00	3,075.00																
<table border="1"><tr><td>RECEIVED</td><td>VENDOR ID</td></tr><tr><td>10/17/07</td><td>1100 CONCDN</td></tr><tr><td>COMPANY</td><td>C/L CODE</td></tr><tr><td>1100</td><td>1100.1.9820.75.7350.0000</td></tr><tr><td>APPROVED</td><td>JOB #</td></tr><tr><td>PAID</td><td>COST CODE</td></tr></table>		RECEIVED	VENDOR ID	10/17/07	1100 CONCDN	COMPANY	C/L CODE	1100	1100.1.9820.75.7350.0000	APPROVED	JOB #	PAID	COST CODE	<div>POSTED</div> <div>-10-23-2007</div> <table><tr><td>SUBTOTAL</td><td>8,587.50</td></tr><tr><td>GST(6%)</td><td>515.25</td></tr></table>		SUBTOTAL	8,587.50	GST(6%)	515.25
RECEIVED	VENDOR ID																		
10/17/07	1100 CONCDN																		
COMPANY	C/L CODE																		
1100	1100.1.9820.75.7350.0000																		
APPROVED	JOB #																		
PAID	COST CODE																		
SUBTOTAL	8,587.50																		
GST(6%)	515.25																		
GST #849407325		Total 9,102.75																	



**CONTRACT CONTROL SERVICES INC.**

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

**INVOICE**

# 07-0629

TO:

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

Attn: Luisa Paniconi, Interim CFO

INVOICE DATE June 29th, 2007

FP 0000000000

-0707 0 412307

0000000000

Quantity	Description	Rate	Amount																
38.25	Consulting week of June 18th-22nd	135.00	5,163.75																
22.25	Consulting week of June 25th-29th	135.00	3,003.75																
<table border="1"><tr><td>RECEIVED</td><td>VENDOR ID</td></tr><tr><td>7/3/07</td><td>110000NCON</td></tr><tr><td>COMPANY</td><td>G/L CODE</td></tr><tr><td>1100</td><td>1100.1.9820.75.7350.0000</td></tr><tr><td>APPROVED</td><td>JOB #</td></tr><tr><td>7/3/07</td><td></td></tr><tr><td>PAID</td><td>COST CODE</td></tr><tr><td></td><td></td></tr></table>		RECEIVED	VENDOR ID	7/3/07	110000NCON	COMPANY	G/L CODE	1100	1100.1.9820.75.7350.0000	APPROVED	JOB #	7/3/07		PAID	COST CODE				
RECEIVED	VENDOR ID																		
7/3/07	110000NCON																		
COMPANY	G/L CODE																		
1100	1100.1.9820.75.7350.0000																		
APPROVED	JOB #																		
7/3/07																			
PAID	COST CODE																		
GST #849407325		SUBTOTAL	8,167.50																
		GST(6%)	490.05																
		Total Due	\$ 8,657.55																
60.50	Current Deferred Fee- August 1, 2007	15.00	\$ 907.50																
362.50	Cumulative Deferred Fee- Due August 1, 2007	15.00	\$ 5,437.50																

INVOICE accrued in JUN 30/07

Deferred fee

DL 1100.1.9820.75.7350.0000 907.50  
CL 1100.1.0000.20.2110.0000 (907.50)



**CONTRACT CONTROL SERVICES INC.**

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

**INVOICE**

# 08-0227

**TO:**

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

Attn: Mrs Luisa Read

INVOICE DATE February 27th, 2008

Quantity	Description	Rate	Amount																		
23.00	Consulting February 19th-21st	150.00	3,450.00																		
24.50	Consulting February 25th-27th	150.00	3,675.00																		
<table border="1"><tr><td>RECEIVED</td><td>VENDOR ID</td></tr><tr><td>2/27/08</td><td></td></tr><tr><td>COMPANY</td><td>G/L CODE</td></tr><tr><td>APT</td><td>1100.1.9820.75</td></tr><tr><td>100</td><td>7352.0000</td></tr><tr><td>APPROVED</td><td>JOB #</td></tr><tr><td></td><td></td></tr><tr><td>PAID</td><td>COST CODE</td></tr><tr><td></td><td></td></tr></table>		RECEIVED	VENDOR ID	2/27/08		COMPANY	G/L CODE	APT	1100.1.9820.75	100	7352.0000	APPROVED	JOB #			PAID	COST CODE				
RECEIVED	VENDOR ID																				
2/27/08																					
COMPANY	G/L CODE																				
APT	1100.1.9820.75																				
100	7352.0000																				
APPROVED	JOB #																				
PAID	COST CODE																				
GST #849407325		SUBTOTAL	7,125.00																		
		GST(5%)	356.25																		
Total			7,481.25																		



**CONTRACT CONTROL SERVICES INC.**

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

**INVOICE**




# 08-0331

**TO:**

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

Attn: Mrs Luisa Read

INVOICE DATE March 31st, 2008

Quantity	Description	Rate	Amount																	
17.25	March 17th-21st	150.00	2,587.50																	
20.25	March 24th-26th	150.00	3,037.50																	
8.00	March 31st	150.00	1,200.00																	
<table border="1"><tr><td>RECEIVED</td><td>VENDOR ID</td></tr><tr><td>3/31/08</td><td></td></tr><tr><td>COMPANY</td><td>G/L CODE</td></tr><tr><td>APT 1100</td><td>1100.1.9820.75.7350.0000</td></tr><tr><td>APPROVED</td><td>JOB #</td></tr><tr><td rowspan="2"></td><td></td></tr><tr><td></td></tr><tr><td>PAID</td><td>COST CODE</td></tr><tr><td></td><td></td></tr></table>		RECEIVED	VENDOR ID	3/31/08		COMPANY	G/L CODE	APT 1100	1100.1.9820.75.7350.0000	APPROVED	JOB #				PAID	COST CODE			SUBTOTAL	6,825.00
RECEIVED	VENDOR ID																			
3/31/08																				
COMPANY	G/L CODE																			
APT 1100	1100.1.9820.75.7350.0000																			
APPROVED	JOB #																			
																				
PAID	COST CODE																			
GST #849407325		GST(5%)	341.25																	
Total			7,166.25																	

POSTED

-03-31-2008

OAKVILLE



**CONTRACT CONTROL SERVICES INC.**

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

**INVOICE**

# 08-0312

**TO:**

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

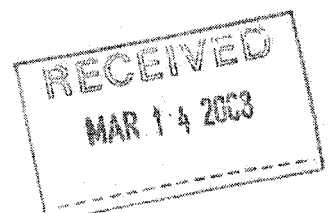
Attn: Mrs Luisa Read

**POSTED**

INVOICE DATE March 12th, 2008

**OAKVILLE**

Quantity	Description	Rate	Amount
18.50	Consulting March 3rd-5th	150.00	2,775.00
26.50	Consulting March 10th-12th	150.00	3,975.00
		<b>POSTED</b>	<b>POSTED</b>
		<b>-03-14 2008</b>	<b>-03-13 2008</b>
		<b>OAKVILLE</b>	<b>OAKVILLE</b>
		RECEIVED	VENDOR ID
		3/12/08	
		COMPANY	GL CODE
		APT	
		1100	1100.1.982075.7350.0000
		GST #849407325	
		APPROVED	
		PAID	COST CODE
		SUBTOTAL	6,750.00
		GST(5%)	337.50
		<b>Total</b>	<b>7,087.50</b>





POSTED  
-06-05 2008  
OAKVILLE

# CONTRACT CONTROL SERVICES INC.

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

INVOICE  
# 08-0604

TO:  
Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7  
Attn: Mrs Luisa Read

INVOICE DATE June 4th, 2008

Quantity	Description	Rate	Amount
19.75	Consulting May 26th-28th	150.00	2,962.50
23.75	Consulting June 2nd-4th	150.00	3,562.50
<div> <div>RECEIVED</div> <div>6/5/08</div> <div>COMPANY</div> <div>ADT</div> <div>1100</div> <div>APPROVED</div> <div></div> <div>PAID</div> </div> <div> <div>VENDOR ID</div> <div>G/L CODE</div> <div>1100.1.982075.7350.0000</div> <div>JOB #</div> <div>COST CODE</div> </div>		SUBTOTAL	6,525.00
		GST(5%)	326.25
		Total 6,851.25	

GST #849407325



54 Eastwood Cres.  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203


# 08-0507

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

Attn: Mrs Luisa Read

INVOICE DATE May 7th, 2008

Quantity	Description	Rate	Amount
20.50	Consulting April 28th-30th	150.00	3,075.00
23.00	Consulting May 5th-7th	150.00	3,450.00
	To cover personal use of phone and fax		-25.00
	<p style="text-align: center;">P O S T E D</p> <p style="text-align: center;">-05-12-2008</p> <p style="text-align: center;">O A K V I L L E</p>		
		SUBTOTAL	6,500.00
		GST(5%)	325.00
		<b>Total</b>	<b>6,825.00</b>

RECEIVED	5/7/09		GST #849407325
COMPANY <del>ADT</del>	11DD		G/L CODE 11DD.1.9820.75.7350.0000
APPROVED 	PAID		JOB # COST CODE



POSTED

-10-29 2007

OAKVILLE

# CONTRACT CONTROL SERVICES INC.

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

## INVOICE


# 07-1026

TO:

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

Attn: Ms Luisa Read

INVOICE DATE October 25th, 2007

Quantity	Description	Rate	Amount
25.00	Consulting Oct. 17th, 18th, 19th	150.00	3,750.00
16.75	Consulting Oct. 24th, 25th	150.00	2,512.50
<div> <div>RECEIVED</div> <div>10/25/07</div> <div>AIT</div> <div>1100</div> <div>  </div> </div> <div> <div>VENDOR ID</div> <div>GL CODE</div> <div>1100.1.9820.75.7350.0000</div> <div>JOB #</div> <div>COST CODE</div> </div>		SUBTOTAL	6,262.50
		GST(6%)	375.75
		GST #849407325	
		Total	6,638.25



**CONTRACT CONTROL SERVICES INC.**

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

**INVOICE**




# 07-1107

**TO:**

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

Attn: Ms Luisa Read

INVOICE DATE November 7th, 2007

Quantity	Description	Rate	Amount								
16.50	Consulting Oct.29th, 30th	150.00	2,475.00								
25.00	Consulting Nov.5th,6th, 7th	150.00	3,750.00								
<table border="1"><tr><td>RECEIVED 11/7/07</td><td>VENDOR ID</td></tr><tr><td>COMPANY APT 1100</td><td>G/L CODE 1100.1.9820.75.7350.0000.</td></tr><tr><td>APPROVED </td><td>JOB #</td></tr><tr><td>PAID</td><td>COST CODE</td></tr></table>		RECEIVED 11/7/07	VENDOR ID	COMPANY APT 1100	G/L CODE 1100.1.9820.75.7350.0000.	APPROVED 	JOB #	PAID	COST CODE		
RECEIVED 11/7/07	VENDOR ID										
COMPANY APT 1100	G/L CODE 1100.1.9820.75.7350.0000.										
APPROVED 	JOB #										
PAID	COST CODE										
GST #849407325		SUBTOTAL	6,225.00								
		GST(6%)	373.50								
		Total	6,598.50								



AccuSource Inc.  
Accounting Services and Placements  
2194 Meadowland Dr.  
Oakville, Ont.  
L6H 6H2

16-Nov-07

Invoice #3489


Phone: 905-845-9247  
Fax: 905-845-7284  
Email: [mtaylor24@coqeco.ca](mailto:mtaylor24@coqeco.ca)

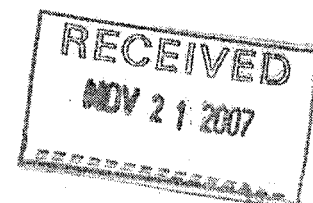
CLIENT: Algonquin Power Trust  
2845 Bristol Circle  
Oakville, ON  
L6H 7H7  
  
Attention: Luisa Paniconi

DESCRIPTION: Services Provided by Dianna Taylor for preparation relating to the certification of the effectiveness of ICFR.

POSTED  
-11-21-2007  
OAKVILLE

DATE	HOURS
05-Nov	7.00
06-Nov	7.50
07-Nov	6.50
08-Nov	7.50
09-Nov	6.00
12-Nov	6.00
13-Nov	7.00
14-Nov	7.00
15-Nov	7.50
16-Nov	6.00
Total Hours	68.00
Rate	\$ 90.00
	6,120.00
GST at 6%	367.20 GST # 893148585
	<u>\$ 6,487.20</u>

RECEIVED 11/20/07	VENDOR ID PAYABLE UPON RECEIPT
COMPANY APT 1100	GL CODE Please make cheque payable to AccuSource Inc. 1100.1.982075.7350.0000.
APPROVED 	JOB #
PAID	LOST CODE





**CONTRACT CONTROL SERVICES INC.**

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

**INVOICE**




# 08-0423

**TO:**

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

Attn: Mrs Luisa Read

INVOICE DATE April 23rd, 2008

Quantity	Description	Rate	Amount								
7.00	Consulting Apr.1st	150.00	1,050.00								
8.50	Consulting Apr.8th	150.00	1,275.00								
7.50	Consulting Apr. 17-18th	150.00	1,125.00								
16.00	Consulting Apr. 21-23rd	150.00	2,400.00								
<table border="1"><tr><td>RECEIVED 4/28/08</td><td>VENDOR ID</td></tr><tr><td>COMPANY APT</td><td>G/L CODE 1100.1.982075.7350 0200</td></tr><tr><td>APPROVED </td><td>JOB #</td></tr><tr><td>PAID GST #849407325</td><td>COST CODE</td></tr></table>		RECEIVED 4/28/08	VENDOR ID	COMPANY APT	G/L CODE 1100.1.982075.7350 0200	APPROVED 	JOB #	PAID GST #849407325	COST CODE	SUBTOTAL	5,850.00
RECEIVED 4/28/08	VENDOR ID										
COMPANY APT	G/L CODE 1100.1.982075.7350 0200										
APPROVED 	JOB #										
PAID GST #849407325	COST CODE										
		GST(5%)	292.50								
		Total	6,142.50								

POSTED  
-04-30 2003  
OAKVILLE

POSTED  
-04-30 2008  
OAKVILLE

RECEIVED  
APR 29 2008



AccuSource Inc.  
Accounting Services and Placements  
2194 Meadowland Dr.  
Oakville, Ont.  
L6H 6H2

18-Apr-08

Invoice # 3616

Phone: 905-845-9247  
Fax: 905-845-7284  
Email: [mtaylor24@coqeco.ca](mailto:mtaylor24@coqeco.ca)

CLIENT: Algonquin Power Trust  
2845 Bristol Circle  
Oakville, ON  
L6H 7H7

Attention: Luisa Paniconi

DESCRIPTION: Services Provided by Dianna Taylor for preparation relating to the certification of the effectiveness of ICFR.


<u>DATE</u>	<u>HOURS</u>
07-Apr	7.00
08-Apr	6.00
09-Apr	7.00
10-Apr	7.00
11-Apr	4.50
14-Apr	7.00
15-Apr	7.00
16-Apr	6.00
17-Apr	7.00
18-Apr	5.50

Total Hours	64.00
Rate	\$ 90.00
	5,760.00
GST at 5%	288.00 GST # 893148585

\$ 6,048.00

PAYABLE UPON RECEIPT

Please make cheque payable to AccuSource Inc.

RECEIVED 4/28/08	VENDOR ID
COMPANY APT	G/L CODE 1100.1.9820.75.7350.0000
APPROVED 	JOB #
PAID	COST CODE

POSTED  
-04-30 2008  
OAKVILLE

RECEIVED  
APR 29 2008



AccuSource Inc.  
Accounting Services and Placements  
2194 Meadowland Dr.  
Oakville, Ont.  
L6H 6H2

08-Feb-08

Invoice # 3567

Phone: 905-845-9247  
Fax: 905-845-7284  
Email: [mtaylor24@coqeco.ca](mailto:mtaylor24@coqeco.ca)

CLIENT: Algonquin Power Trust  
2845 Bristol Circle  
Oakville, ON  
L6H 7H7

Attention: Luisa Paniconi

DESCRIPTION: Services Provided by Dianna Taylor for preparation relating to the certification of the effectiveness of ICFR.

<u>DATE</u>	<u>HOURS</u>
28-Jan	7.00
29-Jan	7.00
30-Jan	7.00
31-Jan	7.00
01-Feb	2.00
04-Feb	7.50
05-Feb	6.50
06-Feb	7.00
07-Feb	7.50
08-Feb	5.00
Total Hours	63.50
Rate	\$ 90.00
	5,715.00
GST at 5%	285.75 GST # 893148585
	<u>\$ 6,000.75</u>

103128  
-02-25 2008  
OAKVILLE

PAYABLE UPON RECEIPT

Please make cheque payable to AccuSource Inc.

RECEIVED	VENDOR ID
2/22/08	APT
COMPANY	G/L CODE
APT	1100.19820.75.7350.0000
APPROVED	JOB #
PAID	COST CODE



AccuSource Inc.  
Accounting Services and Placements  
2194 Meadowland Dr.  
Oakville, Ont.  
L6H 6H2

21-Sep-07

Invoice #3438

Phone: 905-845-9247  
Fax: 905-845-7284  
Email: [mtaylor24@cogeco.ca](mailto:mtaylor24@cogeco.ca)

CLIENT: Algonquin Power Trust  
2845 Bristol Circle  
Oakville, ON  
L6H 7H7

DAVID BRONICKSKI  
Attention: Luisa Paniconi

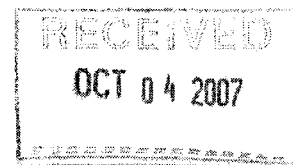
DESCRIPTION: Services Provided by Dianna Taylor for preparation relating to the certification of the effectiveness of ICFR.

DATE	HOURS
10-Sep	7.00
11-Sep	7.00
12-Sep	6.00
13-Sep	7.00
14-Sep	5.00
17-Sep	7.00
18-Sep	6.00
19-Sep	7.00
20-Sep	7.00
21-Sep	4.00

Total Hours	63.00
Rate	\$ 90.00
	5,670.00
GST at 6%	340.20

GST # 893148585

\$ 6,010.20



POSTED

RECEIVED	VENDOR ID 1100ACCSOU
COMPANY APT.	C/L CODE Please make cheque payable to AccuSource Inc.
APPROVED	JOB # 1100-9820-OPS
PAID	COST CODE 3-7350-0000-0000

OK.  
*[Signature]*



AccuSource Inc.  
Accounting Services and Placements  
2194 Meadowland Dr.  
Oakville, Ont.  
L6H 6H2

05-Oct-07

Invoice #3448

Phone: 905-845-9247  
Fax: 905-845-7284  
Email: [mtaylor24@cogeco.ca](mailto:mtaylor24@cogeco.ca)

CLIENT: Algonquin Power Trust  
2845 Bristol Circle  
Oakville, ON  
L6H 7H7

Attention: Luisa Paniconi

DESCRIPTION: Services Provided by Dianna Taylor for preparation relating to the certification of the effectiveness of ICFR.

DATE	HOURS
24-Sep	6.50
25-Sep	7.00
26-Sep	7.00
27-Sep	7.00
28-Sep	5.50
01-Oct	7.00
02-Oct	6.50
03-Oct	7.00
04-Oct	7.00
05-Oct	2.50
Total Hours	63.00
Rate	\$ 90.00
	5,670.00
GST at 6%	340.20 GST # 893148585

\$ 6,010.20

OCT 16 2007

PAYABLE UPON RECEIPT

Please make cheque payable to AccuSource Inc.

OCT 16 2007

RECEIVED	VENDOR ID
10/16/07	1100ACCSON
COMPANY	1100
APPROVED	1100.1,9820.75.7350.0000
PAID	COST CODE



AccuSource Inc.

30-Nov-07

Accounting Services and Placements

Invoice # 3502

2194 Meadowland Dr.

Oakville, Ont.

L6H 6H2

Phone: 905-845-9247  
Fax: 905-845-7284  
Email: [mtaylor24@cogeco.ca](mailto:mtaylor24@cogeco.ca)

CLIENT: Algonquin Power Trust  
2845 Bristol Circle  
Oakville, ON  
L6H 7H7

Attention: Luisa Paniconi

DESCRIPTION: Services Provided by Dianna Taylor for preparation relating to the certification of the effectiveness of ICFR.

RECEIVED 12/12/07	VENDOR ID
COMPANY 1100	G/L CODE 1100.1.9820.75.7350.1000
APPROVED (Signature)	JOB #
PAID (Signature)	COST CODE

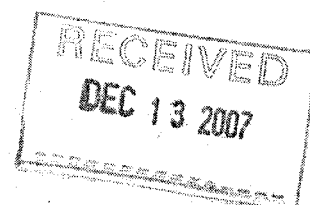
DATE	HOURS
19-Nov	7.00
20-Nov	3.50
21-Nov	7.00
22-Nov	7.00
23-Nov	5.50
26-Nov	7.00
27-Nov	7.00
28-Nov	7.00
29-Nov	7.00
30-Nov	5.00

Total Hours	63.00
Rate	\$ 90.00
	5,670.00
GST at 6%	340.20 GST # 893148585

\$ 6,010.20

PAYABLE UPON RECEIPT

Please make cheque payable to AccuSource Inc.





AccuSource Inc.  
Accounting Services and Placements  
2194 Meadowland Dr.  
Oakville, Ont.  
L6H 6H2

13-Jun-08

Invoice # 3652

Phone: 905-845-9247  
Fax: 905-845-7284  
Email: [mtaylor24@codeco.ca](mailto:mtaylor24@codeco.ca)

CLIENT: Algonquin Power Trust  
2845 Bristol Circle  
Oakville, ON  
L6H 7H7

Attention: Luisa Paniconi

DESCRIPTION: Services Provided by Dianna Taylor for preparation relating to the certification of the effectiveness of ICFR.

<u>DATE</u>	<u>HOURS</u>
02-Jun	6.00
03-Jun	7.00
04-Jun	6.50
05-Jun	7.00
06-Jun	6.00
09-Jun	7.00
10-Jun	7.00
11-Jun	6.50
12-Jun	6.50
13-Jun	3.00

Total Hours	62.50
Rate	\$ 90.00
	5,625.00
GST at 5%	281.25 GST # 893148585

\$ 5,906.25

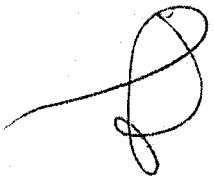
P O S T E D

O A K V I L L E

PAYABLE UPON RECEIPT

Please make cheque payable to AccuSource Inc.

RECEIVED	VENDOR ID 1100 ACC SQU
COMPANY APT	G/L CODE 1100 7-9820-75-7350-0000
APPROVED	JOB #
PAID	COST CODE





**CONTRACT CONTROL SERVICES INC.**

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

**INVOICE**




# 08-0618

**TO:**

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

Attn: Mrs Luisa Read

INVOICE DATE June 18th, 2008

Quantity	Description	Rate	Amount								
14.00	Consulting June 9th-11th	150.00	2,100.00								
23.00	Consulting June 16th-18th	150.00	3,450.00								
<table border="1"><tr><td>RECEIVED 6/19/08</td><td>VENDOR ID 1100CONCON</td></tr><tr><td>COMPANY APT 1100</td><td>G/L CODE 1100-1-9820-75-7350-000</td></tr><tr><td>APPROVED </td><td>JOB #</td></tr><tr><td>PAID</td><td>COST CODE</td></tr></table>		RECEIVED 6/19/08	VENDOR ID 1100CONCON	COMPANY APT 1100	G/L CODE 1100-1-9820-75-7350-000	APPROVED 	JOB #	PAID	COST CODE		
RECEIVED 6/19/08	VENDOR ID 1100CONCON										
COMPANY APT 1100	G/L CODE 1100-1-9820-75-7350-000										
APPROVED 	JOB #										
PAID	COST CODE										
GST #849407325		SUBTOTAL	5,550.00								
		GST(5%)	277.50								
Total			5,827.50								

POSTED  
OAKVILLE



AccuSource Inc.  
Accounting Services and Placements  
2194 Meadowland Dr.  
Oakville, Ont.  
L6H 6H2

16-May-08

Invoice # 3634

Phone: 905-845-9247  
Fax: 905-845-7284  
Email: [mtaylor24@copeco.ca](mailto:mtaylor24@copeco.ca)

CLIENT: Algonquin Power Trust  
2845 Bristol Circle  
Oakville, ON  
L6H 7H7

Attention: Luisa Paniconi

DESCRIPTION: Services Provided by Dianna Taylor for preparation relating to the certification of the effectiveness of ICFR.


DATE	HOURS
05-May	5.00
06-May	7.00
07-May	6.50
08-May	6.00
09-May	6.00
12-May	5.50
13-May	7.00
14-May	6.00
15-May	6.00
16-May	6.50

Total Hours	61.50
Rate	\$ 90.00
	5,535.00
GST at 5%	276.75 GST # 893148585

\$ 5,811.75

POSTED

OAKVILLE

RECEIVED 5/2/08	VENDOR ID
COMPANY APR	PAYABLE UPON RECEIPT G/L CODE
1100	1100.1.9820.75.7350.0000
APPROVED 	JOB #
PAID	COST CODE

Please make cheque payable to AccuSource Inc.



AccuSource Inc.  
Accounting Services and Placements  
2194 Meadowland Dr.  
Oakville, Ont.  
L6H 6H2

14-Dec-07

Invoice # 3518

Phone: 905-845-9247  
Fax: 905-845-7284  
Email: [mtaylor24@cogeco.ca](mailto:mtaylor24@cogeco.ca)

CLIENT: Algonquin Power Trust  
2845 Bristol Circle  
Oakville, ON  
L6H 7H7

Attention: Luisa Paniconi

DESCRIPTION: Services Provided by Dianna Taylor for preparation relating to the certification of the effectiveness of ICFR.

PAID  
DEC 27 2007  
OAKVILLE

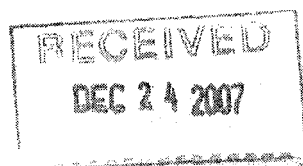
DATE	HOURS
03-Dec	7.00
04-Dec	7.50
05-Dec	5.50
06-Dec	7.50
07-Dec	-
10-Dec	7.00
11-Dec	7.00
12-Dec	6.00
13-Dec	7.00
14-Dec	5.50

Total Hours	60.00
Rate	\$ 90.00
	5,400.00
GST at 6%	324.00 GST # 893148585

\$ 5,724.00

PAYABLE UPON RECEIPT

Please make cheque payable to AccuSource Inc.



RECEIVED 12/21/07	VENDOR ID
COMPANY APT 1100	G/L CODE 1100.1.9820.75.7356.0000
APPROVED	JOB #
PAID	COST CODE



AccuSource Inc.  
Accounting Services and Placements  
2194 Meadowland Dr.  
Oakville, Ont.  
L6H 6H2

07-Mar-08

Invoice # 3583

Phone: 905-845-9247  
Fax: 905-845-7284  
Email: [mtaylor24@codeco.ca](mailto:mtaylor24@codeco.ca)

CLIENT: Algonquin Power Trust  
2845 Bristol Circle  
Oakville, ON  
L6H 7H7

Attention: Luisa Paniconi

DESCRIPTION: Services Provided by Dianna Taylor for preparation relating to the certification of the effectiveness of ICFR.

DATE	HOURS
25-Feb	6.50
26-Feb	5.00
27-Feb	7.00
28-Feb	7.00
29-Feb	5.00
03-Mar	5.50
04-Mar	7.00
05-Mar	7.00
06-Mar	5.00
07-Mar	4.00

Total Hours  
Rate

59.00  
\$ 90.00  
5,310.00

GST at 5%

265.50 GST # 893148585

\$ 5,575.50

POSTED  
-03-14 2008  
OAKVILLE

PAYABLE UPON RECEIPT

Please make cheque payable to AccuSource Inc.

RECEIVED 3/12/08	VENDOR ID
COMPANY AFT	G/L CODE
APPROVED [Signature]	JOB # 1100.1.9820.75.7350.2000
PAID [Signature]	COST CODE

RECEIVED  
MAR 14 2008



AccuSource Inc.  
Accounting Services and Placements  
2194 Meadowland Dr.  
Oakville, Ont.  
L6H 6H2

22-Feb-08

Invoice # 3574

Phone: 905-845-9247  
Fax: 905-845-7284  
Email: [mtaylor24@cogeco.ca](mailto:mtaylor24@cogeco.ca)

CLIENT: Algonquin Power Trust  
2845 Bristol Circle  
Oakville, ON  
L6H 7H7  
  
Attention: Luisa Paniconi

DESCRIPTION: Services Provided by Dianna Taylor for preparation relating to the certification of the effectiveness of ICFR.

<u>DATE</u>	<u>HOURS</u>
11-Feb	7.00
12-Feb	7.00
13-Feb	6.50
14-Feb	6.00
15-Feb	7.00
18-Feb	-
19-Feb	7.00
20-Feb	6.50
21-Feb	7.00
22-Feb	4.50

Total Hours	58.50
Rate	\$ 90.00
	5,265.00
GST at 5%	263.25

GST # 893148585 -03- 11 2008


\$ 5,528.25

P O S T E D

O A K V I L L E

PAYABLE UPON RECEIPT

Please make cheque payable to AccuSource Inc.

RECEIVED 3/11/08	VENDOR ID
COMPANY 1100	G/L CODE 1100.1.9820.75.7350.0000
APPROVED 	JOB #
PAID	COST CODE



**CONTRACT CONTROL SERVICES INC.**

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

**INVOICE**

# 08-0212

**TO:**

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

Attn: Mrs Luisa Read

INVOICE DATE February 12th, 2008

Quantity	Description	Rate	Amount																		
16.25	Consulting February 4th, 5th	150.00	2,437.50																		
17.50	Consulting February 11th, 12th	150.00	2,625.00																		
<table border="1"><tr><td>RECEIVED</td><td>VENDOR ID</td></tr><tr><td>2/13/08</td><td></td></tr><tr><td>COMPANY</td><td>G/L CODE</td></tr><tr><td>APT</td><td></td></tr><tr><td>1100</td><td>1100.1.9820.75.7350.0000</td></tr><tr><td>APPROVED</td><td>JOB #</td></tr><tr><td></td><td></td></tr><tr><td>PAID</td><td>COST CODE</td></tr><tr><td></td><td></td></tr></table>		RECEIVED	VENDOR ID	2/13/08		COMPANY	G/L CODE	APT		1100	1100.1.9820.75.7350.0000	APPROVED	JOB #			PAID	COST CODE			SUBTOTAL	5,062.50
RECEIVED	VENDOR ID																				
2/13/08																					
COMPANY	G/L CODE																				
APT																					
1100	1100.1.9820.75.7350.0000																				
APPROVED	JOB #																				
PAID	COST CODE																				
GST #849407325		GST(5%)	253.13																		
Total			5,315.63																		

POSTED  
-02-13 2008  
OAKVILLE



# Escrow Expenses





CIBC Mellon Trust Company  
320 Bay Street  
Toronto, ON M5H 4A6  
www.cibcmellon.com

Invoice Number: 6738  
Invoice Date: May 9, 2008  
Invoicing Group: 00138ST\_S1

ALGONQUIN POWER INCOME FUND TRUST  
Attn: LUISA PANICONI  
2845 BRISTOL CIRCLE  
OAKVILLE, ON L6H 7H7  
CANADA

Client Relationship  
Manager: Anoosheh Farzanegan  
Phone: 416-643-6488  
Email: anoosheh\_farzanegan@cibcmellon.com

Billing Period: April 1, 2008 through April 30, 2008

Prior Month's Balance 8,375.06  
Payments Received as of May 5, 2008 (8,375.06)

**Current Billing Period:**

Additional Services Fees 11,500.00  
Service Fees 3,646.00  
Expenses 498.68

**Sub Total Current Period Fees:**

GST # R103509485

**Total Current Period Fees:**

15,644.68

782.23

16,426.91

**Total Balance Due:**

16,426.91

OAKVILLE

RECEIVED	VENDOR ID
COMPANY	G/L CODE
APIF	1000-1-0000-75-7705-0000
APPROVED	JOB #
PAID	COST CODE

This invoice is payable upon receipt





CIBC Mellon Trust Company  
320 Bay Street  
Toronto, ON M5H 4A6  
www.cibcmellon.com

Invoice Number: 6738  
Invoice Date: May 9, 2008  
Invoicing Group: 00138ST\_S1

### Relationship Account Summary

Account Number	Custody Fees	Mailing Services Fees	Transaction Fees	Service Fees	Reinvestment Plan Services Fees	Plan Admin Fees	Additional Services Fees	Corporate Action Fees	NI 54101 Services Fees	Meeting Services Fees	Corporate Resource Fees	Expenses	Current/Prior Period Adj.	Taxes	Total
00138020000				3,646.00			11,500.00					498.68		782.23	16,426.91
Total				3,646.00			11,500.00					498.68		782.23	16,426.91
Grand Total This Billing Period															16,426.91





CIBC Mellon Trust Company  
320 Bay Street  
Toronto, ON M5H 4A6  
www.cibcmellon.com

Invoice Number: 6738  
Invoice Date: May 9, 2008  
Invoicing Group: 00138ST\_S1

### Account Detail

**ALGONQUIN POWER INCOME FUND TRUST**

**Account Number: 00138020000**

### Additional Services Fees

Initial Services Fee 6,500.00

INITIAL SERVICES FEE FOR RIGHTS PLAN-

Other 5,000.00

ANNUAL FEE FOR RIGHTS PLAN SERVICES-MARCH2008

**Additional Services Fees Total 11,500.00**

### Service Fees

Monthly Services Fee 3,646.00

**Service Fees Total 3,646.00**

### Expenses

Transaction Type	Expenses	Total
Cheque	7.26	
Courier	69.93	
Envelopes	6.85	
Photocopies	37.50	
Postage	369.54	
Stationery	7.60	498.68

**Expenses Total: 498.68**

**Expenses Total 498.68**

**GST 782.23**

^ Not included in Account Minimum

\* Non Taxable Activity

Page 3 of 4



## Licenses and Fees Expenses



**ANISHINAABEG OF NAONGASHIING**

Box 335 Morson ON P0W 1J0  
807-488-5602 Fax 807-488-5942

1100 BEA CoR

**PAYMENT AUTHORIZATION CERTIFICATE**

Date: November 22, 2007

By: Anishinaabeg of Naongashiing First Nation

To: Algonquin Power Management Inc.

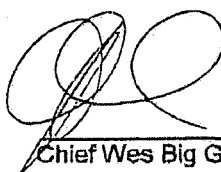
OK  
OK

APT

Dear Mr. Robertson

Representatives from the **Anishinaabeg of Naongashiing** First Nation have reviewed the invoice and authorize that **Bearpaw Corporation Inc.** be paid the amount of ; *twenty five thousand dollars and zero cents* .....\$25,000.00 related to *Wind Project developmental costs as per attached schedule A pursuant to the MOU between Algonquin and Anishinaabeg of Naongashiing* for the period ending November 20, 2007.

The funds shall be released from the account that has been set up for this project.



Chief Wes Big George,  
Anishinaabeg of Naongashiing First Nation Representative

Contribution

JOB# 1100-9840-0069

C.C.

6-7450-0000-0001



## Cheque Requisition Form

Date: Dec 14, 2007 Company: Algonquin Power

Vendor(Payable to): World Vision Canada

Vendor's Address: 1 WORLD DRIVE  
RUSSELLBURGH, Ontario L5T 2Y4

Amount: \$25,000 (Cdn\$) or US\$

Description: The Daiga Water Project Contribution  
in Kenya, Africa

Project: Daiga G/L Acct. No.: 9820-ops  
6-7450-0000-ans

Your Signature: Anne P. Ivanis

Approval: [Signature]

Do not write below this line.

Paid on: \_\_\_\_\_

Cheque No.: \_\_\_\_\_

POSTED  
-12-19 2007  
OAKVILLE



ALGONQUIN POWER FUND AMERICA INC  
2845 BRISTOL CIR  
OAKVILLE ONTARIO L6H 7H7  
CANADA

\*980181512221\*

## **Urgent !!**

**We intend to levy on certain assets. Please respond NOW.**

(To avoid additional penalty and interest, pay the amount you owe within ten days from the date of this notice.)

Our records indicate that you haven't paid the amount you owe. The law requires that you pay your tax at the time you file your return. This is your notice, as required by Internal Revenue Code Section 6331(d), of our intent to levy (take) any state tax refunds that you may be entitled to if we don't receive your payment in full. In addition, we will begin to search for other assets we may levy. We can also file a Notice of Federal Tax Lien, if we haven't already done so. **To prevent collection action, please pay the current balance now.** If you've already paid, can't pay, or have arranged for a payment agreement, it is important that you **call us immediately** at the telephone number shown below. Current balance may include Civil Penalty, if assessed.

*Return to  
LUGA*

### **Account Summary**

Form: 1042

Tax Period: 12-31-2006

**Current Balance:**

**\$23,789.47**

Includes:

Penalty:

**\$124.91**

Interest:

**\$324.48**

Last Payment:

**\$0.00**

**SEP 17 2007**


See the enclosed Publication 594, The  
10100, Notice of Potential Third P

Process and Notice  
ation.

RECEIVED 9/14/07	5000 UST.
COMPANY APPA 5000	G/L CODE 5000.2, 0000.50, 7432, 0000
APPROVED	JOB #
<p>5910003 on your penalty &amp; interest computations, you may call 01-215-516-2000</p>	



SEP 14 2007

 ALGONQUIN POWER FUND AMERICA INC  
2845 BRISTOL CIR  
OAKVILLE ONTARIO L6H 7H7  
CANADA .

\*980181512221\*

000384

This notice contains two pre-addressed coupons for your convenience. Please detach the appropriate coupon and return to us in the envelope provided. Please refer to the information below to determine the correct address:

To send **correspondence** regarding  
this account with **NO** payment

Use the coupon addressed to:

Internal Revenue Service  
P.O. BOX 16236  
PHILADELPHIA, PA 19114-0236

To send a **payment** or  
correspondence with a payment

Use the coupon addressed to:

Internal Revenue Service  
KANSAS CITY, MO 64999-0202





(For payments, please use the other coupon attached to the notice.)

980181512 LL ALGO 12 2 200612 670.00002378947



## Penalty and Interest

About Your Notice - The penalty and interest charges on your account are explained below. If you want a more detailed explanation of your penalties and interest, please call the telephone number listed on the front of this notice. You may call your local IRS telephone number if the number shown on your notice is a long-distance call for you. All days mentioned in the paragraphs below are calendar days, unless specifically stated otherwise.

### Penalty:

\$124.91

#### 07 Paying Late

##### IRC section 6651 (a) (2)

We charged a penalty because you didn't pay your tax on time. Initially, the penalty is 1/2 % of the unpaid tax for each month or part of a month you didn't pay your tax.

If you disagree with this penalty, see "Removal of Penalties" in this notice.

#### Removal of Penalties

The law lets us remove or reduce penalties if you have reasonable cause or receive erroneous written advice from IRS.

##### Reasonable Cause

If you believe you have an acceptable reason why IRS should remove or reduce your penalties, send us a signed explanation. After we review your explanation, we will notify you of our decision. In some cases, we may ask you to pay the tax in full before we remove or reduce the penalty for paying late.

##### Erroneous Advice from IRS

We will remove your penalty if all of the following apply:

1. You asked IRS for advice on a specific issue,
2. You gave IRS complete and accurate information,
3. You received advice from IRS,
4. You relied on the advice IRS gave you, and
5. You were penalized based on the advice IRS gave you.

To request removal of the penalty because of erroneous advice from IRS, you should do the following: (1) complete Form 843, *Claim for Refund and Request for Abatement*; and (2) send it to the IRS Service Center where you filed your return.





Anne Francis

**From:** David Kerr  
**Sent:** Monday, November 26, 2007 4:42 PM  
**To:** Anne Francis  
**Subject:** RE: Dave - Cheque Presentation? Results of Step by Step

Sure I can do that and yes get Janet to make the cheque

Best Regards

David Kerr  
Algonquin Power Management Inc.  
2845 Bristol Circle, Oakville  
Ontario, Canada, L6H 7H7

(905) 465-4511  
david.kerr@algonquinpower.com

**From:** Anne Francis  
**Sent:** November 26, 2007 4:40 PM  
**To:** David Kerr  
**Subject:** Dave - Cheque Presentation? Results of Step by Step  
**Importance:** High

Hi Dave

Do you think you can come on Wednesday to present the cheque to the CCS for the Step by Step Challenge? We will be announcing the final results at the Pizza & B'day cake lunch. We will also be handing out a couple of prizes to the top steppers. I think it would be great if you (or Chris if you can't) could present it (being a director of the company).

We raised over \$13,300 for the event which is fantastic. Should I get Janet to make out the cheque?  
Please let me know.

Thanks Dave  
Anne

Anne Francis  
Executive Assistant  
Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville, ON L6H 7H7  
Tel: 905-465-4541  
Fax: 905-465-4514  
anne.francis@algonquinpower.com

1100CANCAN

Payable to:  
The Canadian Cancer Society  
\$13,350 -

POSTED  
-11-26 2007  
OAKVILLE

OK  
OK

1100-9820-0PS  
Donation

~~757450~~

11/26/2007



# Invoice

Remit To:  
ALGONQUIN POWER SYSTEMS

2845 Bristol Circle

Oakville, ON L6H 7H7  
(905) 465-4500 Ext. 0000

Bill To:  
St Leon Wind Energy LP  
Attn:

Job Address:

Date	Invoice Number	Customer Order Number	Customer Number	Net Terms
5/29/2008	JC36482		002LEONLP	Net 30

## Description

Job Number: 002-041007-OPS Job Name: Operating Costs

Labor	Quantity	Unit Chg	Billable Amount
Jim Duff	8.00	41.05	328.47
Jim Duff	4.00	41.06	164.24
Jim Duff	8.00	41.05	328.47
Jim Duff	8.00	41.05	328.47
Jim Duff	4.00	41.06	164.24
Jim Duff	8.00	41.05	328.47
Jim Duff	4.00	41.06	164.24
Jim Duff	8.00	41.05	328.47
Jim Duff	8.00	41.05	328.47
Jim Duff	4.00	41.06	164.24
Jim Duff	8.00	41.05	328.47
Jim Duff	8.00	41.05	328.47
Jim Duff	4.00	41.06	164.24

RECEIVED	VENDOR ID
	3564 APS
COMPANY	G/L CODE
Duff	3504-1-0000-75-7430-0000
APPROVED	JOB #
	3504-1-0000-69-5004-0000
PAID	COST CODE
Duff	



Jim	Duff	4.00	41.06	164.24
			CDN-REG SUP-CDN JOB-OPS	
Jim	Duff	8.00	41.05	328.47
			CDN-REG SUP-CDN JOB-OPS	
Jim	Duff	6.00	41.06	246.36
			CDN-REG SUP-CDN JOB-OPS	
Jim	Duff	8.00	41.05	328.47
			CDN-REG SUP-CDN JOB-OPS	
Jim	Duff	6.00	41.06	246.36
			CDN-REG SUP-CDN JOB-OPS	
Jim	Duff	8.00	41.05	328.47
			CDN-REG SUP-CDN JOB-OPS	
Jim	Duff	6.00	41.06	246.36
			CDN-REG SUP-CDN JOB-OPS	
Barry	Titchkosky	6.00	23.72	142.32
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	4.00	23.72	94.88
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	8.00	23.72	189.76
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	8.00	23.72	189.76
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	13.50	23.72	320.22
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	2.50	23.72	59.30
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	8.00	23.72	189.76
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	8.00	23.72	189.76
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	8.00	23.72	189.76
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	8.00	23.72	189.76
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	4.00	23.72	94.88
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	8.00	23.72	189.76
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	7.50	23.72	177.90
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	8.00	23.72	189.76
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	2.00	23.72	47.44
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	7.00	23.72	166.04
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	8.00	23.72	189.76
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	8.00	23.72	189.76
			CDN-LEAD OPERATOR-CDN JOB	



Barry	Titchkosky	6.50	23.72	154.18
			CDN-LEAD OPERATOR-CDN JOB	
Barry	Titchkosky	8.00	23.72	189.76
			CDN-LEAD OPERATOR-CDN JOB	
Auston	Green	8.00	11.50	92.00
			CDN-CASUAL-CDN JOB-OPS	
Auston	Green	8.00	11.50	92.00
			CDN-CASUAL-CDN JOB-OPS	
Jordan	Sutcliffe	8.00	13.80	110.40
			CDN-CASUAL-CDN JOB-OPS	
Jordan	Sutcliffe	8.00	13.80	110.40
			CDN-CASUAL-CDN JOB-OPS	
Auston	Green	8.00	11.50	92.00
			CDN-CASUAL-CDN JOB-OPS	
Auston	Green	8.00	11.50	92.00
			CDN-CASUAL-CDN JOB-OPS	
Auston	Green	8.00	11.50	92.00
			CDN-CASUAL-CDN JOB-OPS	
Jordan	Sutcliffe	8.00	13.80	110.40
			CDN-CASUAL-CDN JOB-OPS	
Jordan	Sutcliffe	8.00	13.80	110.40
			CDN-CASUAL-CDN JOB-OPS	
Jordan	Sutcliffe	8.00	13.80	110.40
			CDN-CASUAL-CDN JOB-OPS	
Jordan	Sutcliffe	8.00	13.80	110.40
			CDN-CASUAL-CDN JOB-OPS	
Jordan	Sutcliffe	5.00	13.80	69.00
			CDN-CASUAL-CDN JOB-OPS	
Jordan	Sutcliffe	8.00	13.80	110.40
			CDN-CASUAL-CDN JOB-OPS	
Jordan	Sutcliffe	8.00	13.80	110.40
			CDN-CASUAL-CDN JOB-OPS	
Auston	Green	8.00	11.50	92.00
			CDN-CASUAL-CDN JOB-OPS	
Auston	Green	5.00	11.50	57.50
			CDN-CASUAL-CDN JOB-OPS	
Auston	Green	8.00	11.50	92.00
			CDN-CASUAL-CDN JOB-OPS	
Auston	Green	8.00	11.50	92.00
			CDN-CASUAL-CDN JOB-OPS	
Rick	Harrop	3.00	20.16	60.49
			CDN-SENIOR PM-CDN JOB-TEC	
Sean	Fairfield	2.50	51.30	128.27
			CDN-TEAM LEADER-CDN JOB-M	
Sean	Fairfield	2.50	51.30	128.27
			CDN-TEAM LEADER-CDN JOB-M	
Sean	Fairfield	2.50	51.30	128.27
			CDN-TEAM LEADER-CDN JOB-M	
Sean	Fairfield	7.00	51.30	359.14
			CDN-TEAM LEADER-CDN JOB-M	
Sean	Fairfield	8.00	51.30	410.45
			CDN-TEAM LEADER-CDN JOB-M	
Sean	Fairfield	0.50	51.30	25.65
			CDN-TEAM LEADER-CDN JOB-M	
Sean	Fairfield	1.50	51.30	76.96
			CDN-TEAM LEADER-CDN JOB-M	



Sean	Fairfield	4.00	51.30	205.23
			CDN-TEAM LEADER-CDN JOB-M	
Gaetan	Mercier	2.00	45.61	91.23
			CDN-PM-CDN JOB-MAINT	

Labor Total: 11,959.76

Billing Amount: \$11,959.76  
 Retention Withheld: \$0.00  
 Retention Due: \$0.00

Subtotal: \$11,959.76  
 Misc: 0.00  
 Tax: 597.99

GST Number: 13248 7463 RC0001

Pay This Amount: \$12,557.75



CHEQUE REQUISITION FORM

Date: Sept 5/07 Company: APFA

Vendor (Payable To): Internal Revenue Service

Vendor's Address: \_\_\_\_\_

Amount: 10,000 - Cdn\$ or US\$

Description: User Fee

Ruling Request for KMS America's  
Subs

Project: \_\_\_\_\_ G/L Acct NO: 5000.2.0000 SD.7430.0000

Requested By: \_\_\_\_\_

Approved By: \_\_\_\_\_

Do not write below this line.

Paid on : \_\_\_\_\_

Cheque No.: \_\_\_\_\_

POSTED  
-09-05 2007  
CASH



CHEQUE REQUISITION FORM

7100 USTRUST

Date: MAY 15/08

Company: TPI

Vendor (Payable To): US TRUSTEE

POSTED

Vendor's Address:

-05-15 2008

OAKVILLE

Amount: <sup>1</sup> 9,375

Cdn\$ or US\$

Description: 1ST FEE TPI

Project: \_\_\_\_\_ G/L Acct NO: 7100.2.0000 50.7430.0000

Requested By: [Signature]

Approved By: \_\_\_\_\_

Do not write below this line.

Paid on : \_\_\_\_\_

Cheque No.: \_\_\_\_\_

Return to  
[Signature]



ALGONQUIN POWER FUND AMERICA INC  
2845 BRISTOL CIR  
OAKVILLE ONTARIO L6H 7H7  
CANADA

\*980181512221\*

## **Urgent !!**

**We intend to levy on certain assets. Please respond NOW.**

(To avoid additional penalty and interest, pay the amount you owe within ten days from the date of this notice.)

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*Return to  
User*

Form: 1042

Tax Period: 12-31-2004

Current Balance:

Includes:

Penalty:

Interest:

Last Payment:

\$678.70

\$0.00

\$96.36

\$0.00

Account Summary

RECEIVED  
9/14/07

COMPANY  
APLA

5000

5000RS

GL CODE

5000.2.0000.50.742.0000

JOB #

6890.68

COST CODE

For information on  
your penalty & interest  
computations, you may  
call 01-215-516-2000

8 Questions? Call us at 01-215-516-2000

See the enclosed Publication 594, The IRS Collection Process, and Notice 12198, Notice of Potential Third Party Contact for additional information.





000385

**Cut and use this coupon if you are sending us  
correspondence only with NO payment enclosed.**

**(For payments, please use the other coupon attached to the notice.)**



Please mail this part with your inquiry.

Notice Number: CP504  
Notice Date: 09-03-2007

*write on your check:*

1042	12-31-2004	98-0181512
------	------------	------------

Amount Due:
\$6,890.68

Internal Revenue Service  
P.O. BOX 16236  
PHILADELPHIA, PA 19114-0236  
|||||

ALGONQUIN POWER FUND AMERICA INC  
2845 BRISTOL CIR  
OAKVILLE ONTARIO L6H 7H7  
CANADA

980181512 LL ALGO 12 2 200412 670 00000689068



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### Penalty:

\$ 0.00

#### 07 Paying Late

##### IRC section 6651 (a) (2)

We charged a penalty because you didn't pay your tax on time. Initially, the penalty is 1/2 % of the unpaid tax for each month or part of a month you didn't pay your tax.

If you disagree with this penalty, see "Removal of Penalties" in this notice.

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1. You asked IRS for advice on a specific issue,
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4. You relied on the advice IRS gave you, and
5. You were penalized based on the advice IRS gave you.

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**IRS** Department of the Treasury  
Internal Revenue Service  
PHILADELPHIA, PA 19154-0030

Notice Number: CP504



ALGONQUIN POWER FUND AMERICA INC  
2845 BRISTOL CIR  
OAKVILLE ONTARIO L6H 7H7  
CANADA .

\*980181512221\*

000385

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To send **correspondence** regarding  
this account with **NO** payment

Use the coupon addressed to:

Internal Revenue Service  
P.O. BOX 16236  
PHILADELPHIA, PA 19114-0236

To send a **payment** or  
correspondence with a payment

Use the coupon addressed to:

Internal Revenue Service  
KANSAS CITY, MO 64999-0202





Department of the Treasury  
Internal Revenue Service  
PHILADELPHIA, PA 19255-0030

For assistance, call:  
YOUR NEAREST IRS OFFICE

Notice Number: CP220  
Date: July 2, 2007

Taxpayer Identification Number:  
98-0181512  
Tax Form: 1042  
Tax Period: December 31, 2004



ALGONQUIN POWER FUND AMERICA INC  
2845 BRISTOL CIR  
OAKVILLE ONTARIO L6H 7H7  
CANADA

Amount You Owe  
as of: July 17, 2007

\$6,794.32

000022

98125-057-51038-5

# Statement of Adjustment to Your Account

Overpayment on Account Before Adjustment \$115,957.51

## Adjustment Computation

Tax - Increase	\$115,957.75
Interest Charged	\$20,809.15
Reduction of Interest Previously Charged	\$14,015.07
Net Adjustment Charge	\$122,751.83
Balance Due	\$6,794.32

To avoid additional penalty and/or interest, please allow enough mailing time so that we receive your payment by **July 17, 2007**. Make your check or money order payable to The United States Treasury. Write your taxpayer identification number on your payment and mail it with the stub portion of this notice. If you think we made a mistake, please call us at the number listed above. When you call, please have your payment information and a copy of your tax return available. This information will help us find any payment you made that we haven't applied.

## Partial Payments

Payment - Please make your check or money order payable to the United States Treasury. Write on your payment your Taxpayer Identification Number, the tax period and tax form. Mail your payment with the stub below in the enclosed envelope or to the address on the front of this notice.

Notice About Partial Payments - Generally, we apply your payment first to tax, then to penalty, and finally to the interest you owe.

## Status of Your Account (Exam)



Corporate Interest - We charge additional interest of 2% if, according to our records, you didn't make your corporate tax payment within 30 days after the IRS notified you of the underpayment of tax. This interest begins, on the 31st day after we notify you of the underpayment on tax amounts you owe over \$100,000, minus your timely payments and credits.

### 19 Interest - Additional Interest Charges

If the amount you owe is \$100,000 or more, please make sure that we receive your payment within 10 work days from the date of your notice. If the amount you owe is less than \$100,000, please make sure that we receive your payment within 21 calendar days from the date of your notice. If we don't receive full payment within these time frames, the law requires us to charge interest until you pay the full amount you owe.

For tax forms, instructions and information visit [www.irs.gov](http://www.irs.gov). (Access to this site will not provide you with your specific taxpayer account information.)



000022

**CUT HERE**

Return this voucher with your payment or correspondence.

Your Telephone Number:

Best Time to Call:

( ) \_\_\_\_\_

\_\_\_\_ AM \_\_\_\_ PM

**Amount you owe: \$6,794.32**

- You will avoid additional penalties and/or interest if we receive your full payment by July 17, 2007

☐ **Amount enclosed: \$ \_\_\_\_\_**

- Make payable to United States Treasury
- Write Taxpayer Identification Number, tax period and tax form number on payment

☐ **Correspondence enclosed**

SB 200725 16250919 98154-565-15200-7

220 Internal Revenue Service  
PHILADELPHIA, PA 19255-0039

ALGONQUIN POWER FUND AMERICA INC  
2845 BRISTOL CIR  
OAKVILLE ONTARIO L6H 7H7  
CANADA



980181512 LL ALGO 12 2 200412 670 00000679432



April- JC36162

Job Number	Cost Code	Amount
Postage / Courier		
1100-9840-0069	2-7150-0000-0000	
Meals		
1100-9840-0069	5-7620-0000-0000	
Training		
1100-9840-0069	6-7085-0000-0000	1,044.00
Cellular		
1100-9840-0069	6-7215-0000-0000	
Travel		
1100-9840-0069	5-7600-0000-0000	14.22
Vehicle Rental and Expenses		
1100-9840-0069	5-7600-0000-0000	
Office Supplies		
1100-9840-0069	2-7142-0000-0000	
Software		
1100-9840-0069	2-7125-0000-0000	
Communications		
1100-9840-0069	6-7200-0000-0000	119.53
Other Contracted Services		
1100-9840-0069	3-7370-0000-0000	560.00
Licenses & Fees		
1100-1-0000-50-7430-0000		5,250.00
		6,987.75

POSTED  
-04-29 2008  
OAKVILLE



Invoice

Remit To:  
ALGONQUIN POWER SYSTEMS

2845 Bristol Circle

Oakville, ON L6H 7H7  
(905) 465-4500 Ext. 0000

Bill To:  
Algonquin Power Trust - CDN

Attn:  
Mr. David Kerr  
2845 Bristol Circle

Job Address:  
2845 Bristol Circle

Oakville, ON L6H 7H7

Oakville, ON L6H 7H7

1100 APS-CDN

Date	Invoice Number	Customer Order Number	Customer Number	Net Terms
4/26/2008	JC36162		002APTCDN	Net 30

Description

Job Number: 002-999906-3217 Job Name: Wind Development

POSTED  
-04-29 2008

Subcontractors	Quantity	Unit Chg	Billable Amount
Marcel D'Auteuil	1.00	560.00	560.00
DAM/PENSTOCK			
Subcontractors Total:			560.00

Travel & Disbur	Quantity	Unit Chg	Billable Amount
FEB1,08-MAR23,08 EXPENSE REPOR	1.00	2.75	2.75
April Meyer		AIRFARE & OTHER TRANSPORT	
MAR24,08 EXPENSE REPORT	1.00	11.47	11.47
Gaetan Mercier		Vehicle Mileage	
Travel & Disbur Total:			14.22

Admin.	Quantity	Unit Chg	Billable Amount
SCADA	1.00	119.53	119.53
Telus Mob/MIKE/Burlington/POB 530		TELEPHONE & COMMUNICATION	



TEL	1.00	159.42	159.42
Telus Mob/MIKE/Burlington/POB 530		TELEPHONE & COMMUNICATION	
CREDIT	-1.00	159.42	-159.42
TELUS Mob(QST)MIKE-Burling/5300 PO		TELEPHONE & COMMUNICATION	
TEL	1.00	185.68	185.68
Telus Mob/MIKE/Burlington/POB 530		TELEPHONE & COMMUNICATION	
CREDIT	-1.00	185.68	-185.68
TELUS Mob(QST)MIKE-Burling/5300 PO		TELEPHONE & COMMUNICATION	
TEL	1.00	265.27	265.27
Telebec Mobilite		TELEPHONE & COMMUNICATION	
CREDIT	-1.00	265.27	-265.27
TELUS Mob(QST)MIKE-Burling/5300 PO		TELEPHONE & COMMUNICATION	
FEE FOR HONI CONNECTION IMPACT	1.00	5,250.00	5,250.00
Hydro One Networks Inc.		LICENSES AND FEES	
FEB1,08-MAR23,08 EXPENSE REPOR	1.00	1,044.00	1,044.00
April Meyer		Training-Tech	

Admin. Total: 6,413.53

Billing Amount: \$6,987.75  
Retention Withheld: \$0.00  
Retention Due: \$0.00

Subtotal: \$6,987.75  
Misc: 0.00  
Tax: 899.68

Pay This Amount: \$7,887.43

GST Number: 13248 7463 RC0001



David Kerr

**From:** John Huxley [jhuxley@rogers.com]  
**Sent:** November 22, 2007 11:54 AM  
**To:** David Kerr  
**Subject:** Re: Princess Margaret Hospital

POSTED  
-11-20 2007  
OAKVILLE  
\$5000  
TO

1100 PRIMAR

1100-9820-01  
Donation

Dave:

The cheque should be made out to:

"The Princess Margaret Hospital Foundation."

In addition, please write "Multiple Myeloma 5K walk"  
on the bottom of the cheque.

[I'll be out when the weather clears up a bit. I'll call you first.

Regards  
John

OK  
OK

Thanks

----- Original Message -----

**From:** David Kerr  
**To:** zjhuxley  
**Sent:** Wednesday, November 21, 2007 3:40 PM  
**Subject:** RE: Princess Margaret Hospital

Any time....I am around. Let me know when you are coming out and I will get a cheque. Do I make it out to  
: Princess Margaret Hospital

Best Regards

David Kerr  
Algonquin Power Management Inc.  
2845 Bristol Circle, Oakville  
Ontario, Canada, L6H 7H7

(905) 465-4511  
david.kerr@algonquinpower.com

**From:** John Huxley [mailto:jhuxley@rogers.com]  
**Sent:** November 21, 2007 2:14 PM  
**To:** David Kerr  
**Subject:** Princess Margaret Hospital

Dave:

I need to pop in to pick up the Foundation cheque. When would be a convenient time.

Regards  
John

28/11/2007



# Management Fee Expenses



Sales / Invoices SALES000000000290058

Private Companies  
2845 Bristol Circle

Oakville

ON L6H 7H7

Date 7/28/2007

Algonquin Power Trust  
2845 Bristol Circle

Oakville

ON L6H 7H7

Purchase Order

Customer ID  
003APT

Salesperson ID

Shipping Method  
AR

Payment Terms ID

Management Fee Inc.July07-APT

\$72,406.42

Subtotal	\$72,406.42
Misc	\$0.00
Tax	\$5,068.45
Freight	\$0.00
Trade Discount	\$0.00
Payment	\$0.00
Total Due	\$77,474.87



Sales / Invoices SALES000000000290059

Private Companies  
2845 Bristol Circle

Oakville

ON L6H 7H7

Date 8/28/2007

Algonquin Power Trust  
2845 Bristol Circle

Oakville

ON L6H 7H7

Purchase Order

Customer ID  
003APT

Salesperson ID

Shipping Method  
AR

Payment Terms ID

Management Fee Inc.Aug07-APT

\$72,406.42

Subtotal	\$72,406.42
Misc	\$0.00
Tax	\$5,068.45
Freight	\$0.00
Trade Discount	\$0.00
Payment	\$0.00
Total Due	\$77,474.87



Sales / Invoices SALES000000000290060

Private Companies  
2845 Bristol Circle

Oakville

ON L6H 7H7

Date 9/28/2007

Algonquin Power Trust  
2845 Bristol Circle

Oakville

ON L6H 7H7

Purchase Order

Customer ID  
003APT

Salesperson ID

Shipping Method  
AR

Payment Terms ID

Management Fee Inc.Sept07-APT

\$72,406.42

Subtotal	\$72,406.42
Misc	\$0.00
Tax	\$5,068.45
Freight	\$0.00
Trade Discount	\$0.00
Payment	\$0.00
Total Due	\$77,474.87



Sales / Invoices SALES000000000290061

Private Companies  
2845 Bristol Circle

Oakville

ON L6H 7H7

Date 10/28/2007

Algonquin Power Trust  
2845 Bristol Circle

Oakville

ON L6H 7H7

Purchase Order

Customer ID  
003APT

Salesperson ID

Shipping Method  
AR

Payment Terms ID

Management Fee Inc.Oct07-APT

\$72,406.42

Subtotal	\$72,406.42
Misc	\$0.00
Tax	\$5,068.45
Freight	\$0.00
Trade Discount	\$0.00
Payment	\$0.00
Total Due	\$77,474.87



Sales / Invoices SALES000000000290062

Private Companies  
2845 Bristol Circle

Oakville ON L6H 7H7

Date 11/28/2007

Algonquin Power Trust  
2845 Bristol Circle

Oakville ON L6H 7H7

Purchase Order	Customer ID	Salesperson ID	Shipping Method	Payment Terms ID
	003APT		AR	

Management Fee Inc.Nov07-APT

\$72,406.42

Subtotal	\$72,406.42
Misc	\$0.00
Tax	\$5,068.45
Freight	\$0.00
Trade Discount	\$0.00
Payment	\$0.00
Total Due	\$77,474.87



Private Companies  
2845 Bristol Circle

Oakville

ON L6H 7H7

Sales / Invoices SALES000000000290063

Date 12/28/2007

Algonquin Power Trust  
2845 Bristol Circle

Oakville

ON L6H 7H7

Purchase Order

Customer ID  
003APT

Salesperson ID

Shipping Method  
AR

Payment Terms ID

Management Fee Inc.Dec07-APT

\$72,406.42

Subtotal	\$72,406.42
Misc	\$0.00
Tax	\$5,068.45
Freight	\$0.00
Trade Discount	\$0.00
Payment	\$0.00
Total Due	\$77,474.87



Sales / Invoices SALES000000000290064

Private Companies  
2845 Bristol Circle

Oakville ON L6H 7H7

Date 1/28/2008

Algonquin Power Trust  
2845 Bristol Circle

Oakville ON L6H 7H7

Purchase Order	Customer ID	Salesperson ID	Shipping Method	Payment Terms ID
	003APT		AR	

Management Fee - January 2008

\$72,406.42

Subtotal	\$72,406.42
Misc	\$0.00
Tax	\$5,068.45
Freight	\$0.00
Trade Discount	\$0.00
Payment	\$0.00
Total Due	\$77,474.87



Sales / Invoices SALES000000000290065

Private Companies  
2845 Bristol Circle

Oakville ON L6H 7H7

Date 2/28/2008

Algonquin Power Trust  
2845 Bristol Circle

Oakville ON L6H 7H7

Purchase Order	Customer ID	Salesperson ID	Shipping Method	Payment Terms ID
	003APT		AR	

Management Fee - February 2008

\$74,578.61

Subtotal	\$74,578.61
Misc	\$0.00
Tax	\$3,728.94
Freight	\$0.00
Trade Discount	\$0.00
Payment	\$0.00
Total Due	\$78,307.55



Sales / Invoices SALES000000000290066

Private Companies  
2845 Bristol Circle

Oakville

ON L6H 7H7

Date 3/28/2008

Algonquin Power Trust  
2845 Bristol Circle

Oakville

ON L6H 7H7

Purchase Order

Customer ID  
003APT

Salesperson ID

Shipping Method  
AR

Payment Terms ID

Management Fee - March 2008

\$74,578.61

Subtotal	\$74,578.61
Misc	\$0.00
Tax	\$3,728.94
Freight	\$0.00
Trade Discount	\$0.00
Payment	\$0.00
Total Due	\$78,307.55



Sales / Invoices SALES000000000290067

Private Companies  
2845 Bristol Circle

Oakville ON L6H 7H7

Date 4/28/2008

Algonquin Power Trust  
2845 Bristol Circle

Oakville ON L6H 7H7

Purchase Order	Customer ID	Salesperson ID	Shipping Method	Payment Terms ID
	003APT		AR	

Management Fee - April 2008

\$74,578.61

Subtotal	\$74,578.61
Misc	\$0.00
Tax	\$3,728.94
Freight	\$0.00
Trade Discount	\$0.00
Payment	\$0.00
Total Due	\$78,307.55



Sales / Invoices      SALES000000000290068

Private Companies  
2845 Bristol Circle

Oakville                      ON L6H 7H7

Date    5/28/2008

Algonquin Power Trust  
2845 Bristol Circle

Oakville                      ON L6H 7H7

Purchase Order	Customer ID	Salesperson ID	Shipping Method	Payment Terms ID
----------------	-------------	----------------	-----------------	------------------

003APT

AR

Management Fee - April 2008

\$74,578.61

Subtotal	\$74,578.61
Misc	\$0.00
Tax	\$3,728.94
Freight	\$0.00
Trade Discount	\$0.00
Payment	\$0.00
Total Due	\$78,307.55



Sales / Invoices SALES000000000290069

Private Companies  
2845 Bristol Circle

Oakville

ON L6H 7H7

Date 6/28/2008

Algonquin Power Trust  
2845 Bristol Circle

Oakville

ON L6H 7H7

Purchase Order

Customer ID  
003APT

Salesperson ID

Shipping Method  
AR

Payment Terms ID

Management Fee - June 2008

\$74,578.61

Subtotal	\$74,578.61
Misc	\$0.00
Tax	\$3,728.94
Freight	\$0.00
Trade Discount	\$0.00
Payment	\$0.00
Total Due	\$78,307.55



# Office Expenses



Invoice

Remit To:  
ALGONQUIN POWER SYSTEMS

2845 Bristol Circle

Oakville, ON L6H 7H7  
(905) 465-4500 Ext. 0000

Bill To:  
Algonquin Power Trust - CDN  
Attn:  
Mr. David Kerr  
2845 Bristol Circle

Oakville, ON L6H 7H7

Job Address:  
2845 Bristol Circle  
Oakville, ON L6H 7H7

Date	Invoice Number	Customer Order Number	Customer Number	Net Terms
5/31/2008	JC36556		002APTCDN	Net 30

Description

Job Number: 002-999908-3777 Job Name: APT - OPA CHP 2 RFP

Labor	Quantity	Unit Chg	Billable Amount
Homer Lensink	4.50	125.00	562.50
Homer Lensink	1.50	125.00	187.50
Homer Lensink	1.50	125.00	187.50
Homer Lensink	1.00	125.00	125.00
Homer Lensink	1.50	125.00	187.50
Doina 1100 mescu	0.50	37.50	18.75
Admin. PAID	1.00	10,000.00	10,000.00
Ontario Power Authority	1.00	10,000.00	10,000.00
Ontario Power Authority			
Labor Total:			1,268.75
Admin. Total:			20,000.00

RECEIVED 5/31/08	VENDOR ID 1100 APS CAN
COMPANY APT Lensink	G/L CODE
APPROVED [Signature]	JOB # 1100.9840-0086
PAID	COST CODE

3-7370-0000-0000

6-7100-0000-0000

GST Number: 13248 7463 RC0001

Billing Amount: \$21,268.75  
Retention Withheld: \$0.00  
Retention Due: \$0.00

Subtotal: \$21,268.75  
Misc: 0.00  
Tax: 1,063.44

Pay This Amount: \$22,332.19





DELL CANADA INC  
155 Gordon Baker Rd.,  
Suite 501  
North York, Ontario  
Canada M2H 3N5

Dell Online/Dell Site Internet: [www.dell.ca](http://www.dell.ca)  
Main Telephone/Téléphone: 1-416-758-2100  
Fax/Télécopieur: 1-416-758-2303  
Technical Support/Soutien Technique: 1-800-387-5757

## Invoice / Facture

GST/TPS No: R121233001 RT  
QST/TVQ No: 1008330537-TQ-0001  
PST/TVP No: ON # 5669-1866

Sold to/Vendu à:

000658 OCT 23 2007

ALGONQUIN POWER CORPORATION IN  
Mr. David Ormsby  
2845 BRISTOL CIRCLE  
OAKVILLE ON L6H 7H7  
Canada

Ship to/Expédié à:

ALGONQUIN POWER TRUST  
Attn. David Ormsby  
2845 BRISTOL CIRCLE  
OAKVILLE ON L6H 7H7  
Canada

POSTED  
-10-25 2007  
OAKVILLE

Invoice No/No de facture: 707010000639991	Customer No/No de client: 875408	Order No/No de commande: 183849140	Page 1 / 1
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PO No/Réf. client:	0537	Invoice date/Date de facture:	10/11/07
Dispatch Date/Expédition:	10/11/07	Ship via/Expédié par:	INTERNATIONAL
Terms/Conditions:	Net 30 Days/Net 30 jours	Order date/Date commande:	10/04/07
Due Date/Echéance:	11/10/07	Salesperson/Vendeur(se):	MILOS LUKAC

Item No. Code article	Description	Quantity Quantité	Unit Price Prix unitaire	Amount Montant
222-3098	Dell   EMC DAE2P Ultrapoint 2Gb Disk Array Enclosure for CX300,CX500,CX700	1		
341-2211	300GB 10K RPM Fibre Channel 2Gbps 3.5-in HotPlug Hard Drive	5	14,767.20	14,767.20
465-5674	Hard Drive MultiSelect Option	1		
950-5917	Premium Enterprise Support - Gold - Premium Services	1		
950-9609	NO INSTALLATION	1		
920-0447	Dell Hardware Warranty, Initia. YR	1		
920-2610	Same Day 4-Hour 7X24 Parts and Labor On-Site Response, Initial Year	1		
920-0398	Dell Hardware Warranty, Extended YR	1		
920-2702	Same Day 4-Hour 7X24 Parts and Labor On-Site Response, 2 Year Extended	1		

### Tax Summary / Détail des taxes

	CAD
Rate (%)	GST-HST
Taux (%)	TPS
6.00	887.53
	CAD
Rate (%)	PST-QST
Taux (%)	TVP-TVQ
8.00	1,183.38

OK To keep  
note.

	CAD
Sub-total/Sous-total	14,767.20
Freight/Frêt	25.00
GST-HST/TPS	887.53
PST-QST/TVP-TVQ	1,183.38
Total	16,863.11
Payments/Crédits	0.00
Total due/Montant dû	16,863.11

Service Tags:

4KG8FD1

SIB CAPTAIN 120.

Associated Orders/Commandes associées(s): 183849140

Please mail cheque payments to/Veuillez remettre les paiements par chèque à:

ENDOR ID 1100 DELL	
COMPANY APT	G/L CODE
APPROVED	JOB # 1100-9800-APT
PAID	COST CODE 2-7125-0000-0000

Dell Canada Inc.  
P.O. Box 8440 Station "A"  
Toronto, ON M5W 3P1

Unless you have a separate written agreement with Dell, all purchases are subject to Dell's terms and conditions of sale accompanying this invoice.  
A moins que vous n'ayez conclu une entente écrite distincte avec Dell, tous les achats sont assujettis aux conditions de vente de Dell accompagnant la présente facture.

French document available upon request / Un document en français est disponible sur demande.







OCT 23 2007

DIVISION/COMPANY:	IT / Algonquin Power Trust	REF NO:	PO527
PROJECT TITLE:	Intranet / Extranet Project using Sharepoint Technology	PROJECT VALUE:	\$49,639

**PROJECT DESCRIPTION:** Intranet /Extranet Project using Microsoft SharePoint Technology  
An Extranet and Intranet is to provide a common portal to information and resources on the Algonquin Network. Allows teams to work together effectively, collaborate on and publish documents, surveys, maintain task lists, advanced search and storage, improve data analysis, and share information through the use of wikis and blogs. Information is published through Microsoft Office and web services.  
Further to these benefits, the project will provide a method of organizing current documents and provide accessibility through secure and monitored access.  
This project will also increase the storage capacity on the network that is now in a critically low state.

CATEGORY & STATUS OF PROJECT <small>(tick as appropriate)</small>	FINANCIAL SUMMARY
	IRR% %
	Payback period 5 years
Capacity expansion <input checked="" type="checkbox"/>	Project life 5 years
Cost Saving <input checked="" type="checkbox"/>	
New product development/launch <input checked="" type="checkbox"/>	
Customer satisfaction <input checked="" type="checkbox"/>	
Health and safety <input type="checkbox"/>	
Other (regulatory, loss prevention) <input checked="" type="checkbox"/>	
Security, <input checked="" type="checkbox"/>	

ANALYSIS OF PROJECT VALUE	CAPITAL EXPENDITURE BUDGET UTILIZATION
Material 49,639	Authorized Amount To be spent in: Current Year Future Years
External contractor costs	
Internal costs	
Other costs	
Working capital requirements	
Project Value \$49,639	Capital budget Less Authorized spend to date: - B'fwd from previous year - Current yr (excl current proposal) Less Overspend Balance of spend budget remaining

	Date	
--	------	--



**GRAND TIME Inc.**

Murray Premises, Suite 105  
5 Beck's Cove  
St. John's, NL A1C 6H1 Canada

Tel: 709 739 8444  
Fax: 709 739 8466

December 13, 2007

Algonquin Power Trust  
attn: Cathy Berardicurti  
2845 Bristol Circle  
Oakville, ON L6H 7H7

**INVOICE 131207**

Ref.: your P.O. # 002259 received November 2, 2007

3 ladies 2-tone watches Item: T05.2.255.81	\$ 260.00 each
14 Mens 2-tone watches Item: T34.2.481.32	\$ 220.00 each
5 Ladies gold watches Item: T38.5.285.31	\$ 235.00 each
30 Mens gold watches Item: T34.5.481.13	\$ 240.00 each

2tone watches with engraving "Algonquin Power 5 years"  
gold watches with engraving "Algonquin Power"  
shipped Dec.5, 2007 via UPS Express

5 Clocks Item: Chelsea shipstrike quartz on traditional mahogany base  
\$ 735.00 each  
with engraving "Algonquin Power - In Appreciation Of 10 Years Service"  
shipped Dec.13, 2007 via UPS Express

POSTED  
-12-19 2007  
OAKVILLE

# 86930 3867	Net amount	\$ 15,910.00
	GST 6%	\$ 954.60

Total due \$ 16,864.60

please remit immediately,  
make your cheque payable to Grand Time Inc.

We thank you for your business.

Grand Time Inc.

*R. Jenni*  
Rachel Jenni

RECEIVED	VENDOR ID
COMPANY	G/L CODE
APPROVED <i>[Signature]</i>	JOB # 1100-9810-0013
PAID	COST CODE 6-7100-0000-0000



Invoice

Remit To:  
ALGONQUIN POWER SYSTEMS

2845 Bristol Circle

Oakville, ON L6H 7H7  
(905) 465-4500 Ext. 0000

Bill To:  
Algonquin Power Trust - CDN  
Attn:  
Mr. David Kerr  
2845 Bristol Circle

Job Address:  
2845 Bristol Circle  
Oakville, ON L6H 7H7

Oakville, ON L6H 7H7

Date	Invoice Number	Customer Order Number	Customer Number	Net Terms
6/27/2008	JC36861		002APTC DN	Net 30

Description

Job Number: 002-999908-3860 Job Name: APT-WindPro Software+ Training

1100-9840-0069

Labor	Quantity	Unit Chg	Billable Amount
Rick Harrop	1.00	85.00	85.00
		CDN-SENIOR PM-CDN JOB-TEC	
Rick Harrop	3.00	85.00	255.00
		CDN-SENIOR PM-CDN JOB-TEC	
Rick Harrop	2.00	85.00	170.00
		CDN-SENIOR PM-CDN JOB-TEC	
Rick Harrop	4.00	85.00	340.00
		CDN-SENIOR PM-CDN JOB-TEC	
Rick Harrop	3.00	85.00	255.00
		CDN-SENIOR PM-CDN JOB-TEC	

Labor Total: 1,105.00

3-7310-0000-0001

Admin.	Quantity	Unit Chg	Billable Amount
WIND ANALYSIS&PLANNING SOFTWARE	1.00	15,055.96	15,055.96
EMD International A/S		Office Supplies	

Admin. Total: 15,055.96

2-7142-0000-0000



Billing Amount:	\$16,160.96
Retention Withheld:	\$0.00
Retention Due:	\$0.00

Subtotal:	\$16,160.96
Misc:	0.00
Tax:	808.05

GST Number: 13248 7463 RC0001

Pay This Amount:	\$16,969.01
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DELL CANADA INC  
155 Gordon Baker Rd.,  
Suite 501  
North York, Ontario  
Canada M2H 3N5

Dell Online/Dell Site Internet: [www.dell.ca](http://www.dell.ca)  
Main Telephone/Téléphone: 1-416-758-2100  
Fax/Télécopieur: 1-416-758-2303  
Technical Support/Soutien Technique: 1-800-387-5757

## Invoice / Facture

GST/TPS No: R121233001 RT  
QST/TVQ No: 1008330537-TQ-0001  
PST/TVP No: ON # 5669-1866

Sold to/Vendu à:

000715 OCT 23 2007

ALGONQUIN POWER CORPORATION IN  
Mr. David Ormsby  
2845 BRISTOL CIRCLE  
OAKVILLE ON L6H 7H7  
Canada

Ship to/Expédié à:

ALGONQUIN POWER CORPORATION  
Mr. David Ormsby  
2845 BRISTOL CIRCLE  
OAKVILLE ON L6H 7H7  
Canada

POSTED  
-10-23-2007  
OAKVILLE

Invoice No/No de facture:	Customer No/No de client:	Order No/No de commande:	Page 1 / 1
707010000634666	875408	183827567	

PO No/Réf. client: 0537  
Dispatch Date/Expédition: 10/10/07  
Terms/Conditions: Net 30 Days/Net 30 jours  
Due Date/Echéance: 11/09/07

Invoice date/Date de facture: 10/10/07  
Ship via/Expédié par: INTERNATIONAL  
Order date/Date commande: 10/04/07  
Salesperson/Vendeur(se): MILOS LUKAC

Item No. Code article	Description	Quantity Quantité	Unit Price Prix unitaire	Amount Montant
A0576108	SQL Svr Standard Edtn 2005 Win32 English OLP NL 1 Processor License	1	6,842.00	6,842.00
A0607446	Windows Server 2003 R2 Standard Edition - Licence - 1 server - Open Business - English	2	866.00	1,732.00
A0780929	OFFICE SHAREPOINT SVR 2007 EN OLP NL	1	5,306.00	5,306.00

### Tax Summary / Détail des taxes

	CAD
Rate (%)	GST-HST
Taux (%)	TPS
6.00	832.80
	CAD
Rate (%)	PST-QST
Taux (%)	TVP-TVQ
8.00	1,110.40

OK TO Pay  
NTO!

	CAD
Sub-total/Sous-total	13,880.00
Freight/Frêt	0.00
GST-HST/TPS	832.80
PST-QST/TVQ-TVQ	1,110.40
Total	15,823.20
Payments/Crédits	0.00
Total due/Montant dû	15,823.20

Associated Orders/Commande(s) associée(s): 183827567

SIB CAPITALIZED

Please mail cheque payments to/Veuillez remettre les paiements par chèque à:

RECEIVED	VENDOR ID
	1100DELL
COMPANY	URL CODE
APT	
APPROVED	JOB #
	1100-9800-APT
PAID	COST CODE
	2-7125-0000-0000

Dell Canada Inc.  
P.O. Box 8440 Station "A"  
Toronto, ON M5W 3P1

Unless you have a separate written agreement with Dell, all purchases are subject to Dell's terms and conditions of sale accompanying this invoice.  
À moins que vous n'ayez conclu une entente écrite distincte avec Dell, tous les achats sont assujettis aux conditions de vente de Dell accompagnant la présente facture.

French document available upon request / Un document en français est disponible sur demande.



Invoice

Remit To:  
ALGONQUIN POWER SYSTEMS

2845 Bristol Circle

Oakville, ON L6H 7H7  
(905) 465-4500 Ext. 0000

Bill To:  
Algonquin Power Trust - CDN  
Attn:  
Mr. David Kerr  
2845 Bristol Circle

Oakville, ON L6H 7H7

Job Address:  
2845 Bristol Circle  
Oakville, ON L6H 7H7

Date	Invoice Number	Customer Order Number	Customer Number	Net Terms
5/31/2008	JC36554		002APTCN	Net 30

Description

Job Number: 002-999908-3765 Job Name: APT-St.Leon Exp Pre-Con.Activ.

Labor	Quantity	Unit Chg	Billable Amount
Homer	Lensink	1.00 125.00	125.00
April	Meyer	0.50 105.00	52.50
April	Meyer	0.50 105.00	52.50
April	Meyer	1.00 105.00	105.00
April	Meyer	2.00 105.00	210.00
April	Meyer	0.50 105.00	52.50
April	Meyer	0.50 105.00	52.50
April	Meyer	1.00 105.00	105.00
April	Meyer	3.00 105.00	315.00
April	Meyer	1.00 105.00	105.00
April	Meyer	1.00 105.00	105.00
April	Meyer	1.50 105.00	157.50
April	Meyer	1.00 105.00	105.00
April	Meyer	1.00 105.00	105.00
April	Meyer	1.00 105.00	105.00
April	Meyer	2.00 105.00	210.00
April	Meyer	1.00 105.00	105.00
April	Meyer	1.00 105.00	105.00
April	Meyer	6.50 105.00	682.50
April	Meyer	23.50 105.00	2,467.50

RECEIVED 5/31/08 Meyer	VENDOR ID 110045CDN
COMPANY APT 1100	GL CODE
APPROVED P	JOB # 1100-9840-0082
PAID	COST CODE



April	Meyer	1.00	105.00	105.00
April	Meyer	2.00	CDN-TECH LEADER-CDN JOB-T 105.00	210.00
April	Meyer	2.00	CDN-TECH LEADER-CDN JOB-T 105.00	210.00
Rick	Harrop	3.50	CDN-TECH LEADER-CDN JOB-T 85.00	297.50
Rick	Harrop	2.00	CDN-SENIOR PM-CDN JOB-TEC 85.00	170.00
Rick	Harrop	2.00	CDN-SENIOR PM-CDN JOB-TEC 85.00	170.00
Rick	Harrop	4.00	CDN-SENIOR PM-CDN JOB-TEC 85.00	340.00
Rick	Harrop	3.00	CDN-SENIOR PM-CDN JOB-TEC 85.00	255.00
Rick	Harrop	3.50	CDN-SENIOR PM-CDN JOB-TEC 85.00	297.50
Rick	Harrop	2.00	CDN-SENIOR PM-CDN JOB-TEC 85.00	170.00
Rick	Harrop	3.00	CDN-SENIOR PM-CDN JOB-TEC 85.00	255.00
Rick	Harrop	2.00	CDN-SENIOR PM-CDN JOB-TEC 85.00	170.00
Rick	Harrop	2.00	CDN-SENIOR PM-CDN JOB-TEC 85.00	170.00
Rick	Harrop	2.00	CDN-SENIOR PM-CDN JOB-TEC 85.00	170.00
Rick	Harrop	3.00	CDN-SENIOR PM-CDN JOB-TEC 85.00	255.00
Doina	Tomescu	2.50	CDN-SENIOR PM-CDN JOB-TEC 37.50	93.75
Doina	Tomescu	0.50	CDN-ADMINISTRATION-CDN JO 37.50	18.75
Mike	Griffin	1.00	CDN-ADMINISTRATION-CDN JO 125.00	125.00
Mike	Griffin	1.00	CDN-DIVISION MGR-CDN JOB- 125.00	125.00
Mike	Griffin	1.00	CDN-DIVISION MGR-CDN JOB- 125.00	125.00
Mike	Griffin	1.00	CDN-DIVISION MGR-CDN JOB- 125.00	125.00
April	Meyer	3.00	CDN-DIVISION MGR-CDN JOB- 90.00	270.00
Sean	Fairfield	0.50	CDN-TEAM LEADER-CDN JOB-M 90.00	45.00
Sean	Fairfield	4.00	CDN-TEAM LEADER-CDN JOB-M 90.00	360.00
Sean	Fairfield	2.00	CDN-TEAM LEADER-CDN JOB-M 90.00	180.00
Sean	Fairfield	2.00	CDN-TEAM LEADER-CDN JOB-M 90.00	180.00
Sean	Fairfield	2.00	CDN-TEAM LEADER-CDN JOB-M 90.00	180.00
Sean	Fairfield	1.00	CDN-TEAM LEADER-CDN JOB-M 90.00	90.00
Sean	Fairfield	1.00	CDN-TEAM LEADER-CDN JOB-M 90.00	90.00
Sean	Fairfield	1.00	CDN-TEAM LEADER-CDN JOB-M 90.00	90.00
Sean	Fairfield	0.50	CDN-TEAM LEADER-CDN JOB-M 90.00	45.00
Sean	Fairfield	1.00	CDN-TEAM LEADER-CDN JOB-M 90.00	90.00
Sean	Fairfield	0.50	CDN-TEAM LEADER-CDN JOB-M 90.00	45.00
Sean	Fairfield	3.00	CDN-TEAM LEADER-CDN JOB-M 90.00	270.00
Sean	Fairfield	1.00	CDN-TEAM LEADER-CDN JOB-M 90.00	90.00
Sean	Fairfield	2.50	CDN-TEAM LEADER-CDN JOB-M 90.00	225.00
Sean	Fairfield	1.50	CDN-TEAM LEADER-CDN JOB-M 90.00	135.00
			CDN-TEAM LEADER-CDN JOB-M	



Sean	Fairfield	1.00	90.00	90.00
Sean	Fairfield	1.00	CDN-TEAM LEADER-CDN JOB-M	90.00
Sean	Fairfield	2.00	90.00	180.00
Sean	Fairfield	2.00	CDN-TEAM LEADER-CDN JOB-M	180.00
Sean	Fairfield	1.00	90.00	90.00
Sean	Fairfield	2.00	CDN-TEAM LEADER-CDN JOB-M	180.00
Sean	Fairfield	3.00	90.00	270.00
Sean	Fairfield	3.00	CDN-TEAM LEADER-CDN JOB-M	270.00
Sean	Fairfield	3.00	90.00	270.00
Sean	Fairfield	7.00	CDN-TEAM LEADER-CDN JOB-M	630.00
Sean	Fairfield	17.00	90.00	1,530.00
Sean	Fairfield	1.00	CDN-TEAM LEADER-CDN JOB-M	90.00
Sean	Fairfield	0.50	90.00	45.00
Sean	Fairfield	1.00	CDN-TEAM LEADER-CDN JOB-M	90.00
Sean	Fairfield	1.00	90.00	90.00
Gaetan	Mercier	0.50	CDN-TEAM LEADER-CDN JOB-M	35.00
			70.00	
			CDN-PM-CDN JOB-MAINT	

3-7370-0000-0001

Labor Total: 15,695.00

Subcontractors	Quantity	Unit Chg	Billable Amount
Stantec Consulting Ltd (SCL)	1.00	15,371.50	15,371.50
Phoenix Engineering	1.00	125.00	125.00
		POWER HOUSE/BUILDING	
Subcontractors Total:			15,496.50

3-7370-0000-0000

Travel & Disbur	Quantity	Unit Chg	Billable Amount
Sean Fairfield	1.00	206.43	206.43
Sean Fairfield	1.00	VEHICLE RENTAL	53.52
Sean Fairfield	1.00	VEHICLE RENTAL	173.09
Sean Fairfield	1.00	VEHICLE RENTAL	19.83
Sean Fairfield	1.00	VEHICLE RENTAL	4.76
Sean Fairfield	1.00	VEHICLE RENTAL	12.69
Sean Fairfield	1.00	MEALS	3.69
Sean Fairfield	1.00	MEALS	30.58
Sean Fairfield	1.00	MEALS	1.29
Sean Fairfield	1.00	MEALS	5.93
Sean Fairfield	1.00	MEALS	6.42
Sean Fairfield	1.00	MEALS	16.68
Sean Fairfield	1.00	MEALS	211.86
Sean Fairfield	1.00	ACCOMMODATIONS	



Sean Fairfield	5-7610-0000-0000	1.00	121.79	121.79
			ACCOMMODATIONS	
Sean Fairfield		1.00	31.24	31.24
			Vehicle Mileage	
Sean Fairfield	5-7640-0000-0000	1.00	15.62	15.62
			Vehicle Mileage	
			Travel & Disbur Total:	915.42

Admin.	Quantity	Unit Chg	Billable Amount
	1.00	2,690.00	2,690.00
Trade Commerce		Office Supplies	
	1.00	104.40	104.40
Colette Labossiere		REPRODUCTION	
	1.00	58.00	58.00
Colette Labossiere		REPRODUCTION	
	1.00	437.20	437.20
Colette Labossiere		REPRODUCTION	
	1.00	140.00	140.00
Colette Labossiere		REPRODUCTION	
	1.00	703.85	703.85
The Times		REPRODUCTION	
	1.00	1,550.00	1,550.00
Farm Business Communications		REPRODUCTION	
	1.00	1,550.00	1,550.00
Farm Business Communications		REPRODUCTION	
	1.00	152.10	152.10
La Liberte		REPRODUCTION	
	1.00	169.00	169.00
La Liberte		REPRODUCTION	
	1.00	1,559.81	1,559.81
Centiple Printing		REPRODUCTION	
	1.00	676.00	676.00
The Western Canadian		REPRODUCTION	
Admin. Total:			9,790.36

2-7142-0000-0000

Billing Amount:	\$41,897.28
Retention Withheld:	\$0.00
Retention Due:	\$0.00

GST Number: 13248 7463 RC0001

Subtotal:	\$41,897.28
Misc:	0.00
Tax:	2,094.87

Pay This Amount: \$43,992.15



# Cheque Requisition Form

1100NAUADV

Date: Aug 27, 2007 Company: APT

Vendor(Payable to): Nautical Adventures

Vendor's Address: 600 Queen's Quay West, Suite 103  
Toronto, ON M5V 3M3

Amount: \$9,062.60 (Cdn\$) or US\$

Description: Special Event

Project: \_\_\_\_\_ G/L Acct. No.: 1100.4020.CPS  
6-7100-0000-0000

Your Signature: [Signature]

Approval: [Signature]

Do not write below this line.

Paid on: \_\_\_\_\_

Cheque No.: \_\_\_\_\_

POSTED

-08-27 2007

OAKVILLE





BDO Dunwoody LLP  
Chartered Accountants  
and Advisors

201 - 660 Speedvale Avenue West  
Guelph Ontario Canada N1K 1E5  
Telephone: (519) 824-5410  
Fax: (519) 824-5497  
Toll Free: (877) 236-4835  
guelph@bdo.ca  
www.bdo.ca

09/06/2007

Algonquin Power Trust  
2845 Bristol Circle  
Oakville ON L6H 7H7

Attention: Mr. Gerald Tremblay

Invoice	10120127
GST Registration No.	131585366R
PST Registration No.	42260868

For Professional Services

Jun-04-07	Wachtel, Jason 6.00 hour(s) Work onsite at Algonquin Power. Complete the Frx Forecaster upgrade on the production environment to FORECASTER 7. Installed the Forecaster client on Gerald's computer.	\$1,050.00
Jun-06-07	Wachtel, Jason 1.50 hour(s). Created the Forecaster 7.0 Client Installation Documentation and sent it to the client.	262.50
Jun-07-07	Edmonds, Sonia 6.50 hour(s). Onsite Forecaster 7.0 overview, training and partial configuration.	1,137.50
Jun-13-07	Edmonds, Sonia 0.20 hour(s). Remote support for Gerald to troubleshoot Forecaster 7.0 stability concerns.	35.00
Jun-18-07	Wachtel, Jason 0.5 hour(s). Log into Algonquin. Troubleshoot the error message that is appearing in Forecaster when saving data. Reset IIS in attempt to resolve. Going to download and install Forecaster service pack. Reviewed the event logs.	87.50
Jun-18-07	Wachtel, Jason 0.75 hour(s). Log into Algonquin. Install the Forecaster 7.0 Hotfix on the ALGONQUIN2 server. Install 27 Windows updates on the server. Review logs and ask that Dave review logs as there were errors relating to other software running on the server as well.	131.25

Accounts are due when rendered.

Service Charge of 1.5% per month (19.5% per annum) on any balance unpaid 30 days after date of invoice

829-G90025-9





Jun-20-07	Wachtel, Jason 2.25 hour(s). Work with Microsoft in remote sessions and over email to troubleshoot and resolve the errors that Gerald was receiving in Forecaster. Reconfigured Forecaster settings in IIS. Issue has been resolved.	393.75
Jul-03-07	Edmonds, Sonia 1.20 hour(s). Remote support for Gerald to continue troubleshooting Revenue tab issue. Communicate with Microsoft on issue.	210.00
Jul-13-07	Wachtel, Jason 5.00 hour(s). Log into Algonquin. Change over the Forecaster to link to Frx. Work with Microsoft to resolve the connectivity issue to Forecaster from Frx. Have 2 separate screen sharing sessions with Microsoft to gather information and attempt to resolve the problem pulling Forecaster data into Frx. Send instructions on how to link to the new Forecaster. Continue the case with Microsoft to resolve the DirectLink problem.	875.00
Jul-20-07	Edmonds, Sonia 4.00 hour(s). Onsite general support for Forecaster and FRx. Edmonds, Sonia 0.50 hour(s). FRx/Forecaster issue - further communication with Jason and Microsoft relating to outstanding issue with FRx not pulling Forecaster data. Documented current environment configuration to provide details.	787.50
Jul-23-07	Edmonds, Sonia 0.30 hour(s). E-mail support for Susan relating to combined actual and Q2 forecast total columns	52.50
Jul-23-07	Wachtel, Jason 1.50 hour(s). Remote session with Microsoft to troubleshoot the Frx Forecaster segment problem further. Resulted in a workaround to get Frx to pull data from Forecaster.	262.50
Jul-24-07	Edmonds, Sonia 1.50 hour(s). Telephone and remote support for Gerald & Susan relating to FRx report design requirements to pull Forecaster data. Follow up with additional options to deal with 24 digit segments.	262.50
Jul-25-07	Edmonds, Sonia 0.50 hour(s). Remote support for Gerald. Connected through Citrix to test input into Budget Q2 input set to confirm proper saving of records.	87.50
Jul-27-07	Edmonds, Sonia 0.30 hour(s). Remote support relating to truncating Forecaster segment definitions.	52.50

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Jul-30-07	Edmonds, Sonia 1.50 hour(s). Remote support to test Tree mapping for FRx report with DirectLink. Provided screen-shots for updating existing reports.	262.50
Aug-08-07	Edmonds, Sonia 1.75 hour(s). Telephone and E-mail support for Susan re: registration key update, calculated revenue line, locking lines and columns. Additional remote support to look into FRx report with too much information coming from Forecaster data.	306.25
Aug-09-07	Edmonds, Sonia 1.50 hour(s). Telephone and remote support for Susan relating to FRx report providing information for all Forecaster departments. Hot fix issued and provided for installation. Telephone and remote support relating to Budget 2007 Q2 not pulling the correct line set for each department.	262.50
Aug-14-07	Edmonds, Sonia 0.50 hour(s). Remote and telephone support for Susan relating to locked lines in Forecaster, override options, and revenue input lines.	87.50
Aug-15-07	Edmonds, Sonia 1.00 hour(s). Remote support for Susan to run recovery to unlock security, troubleshoot allocation testing which had columns with blank lines. Reran allocation successfully and documented update to client.	175.00
Aug-21-07	Edmonds, Sonia 0.40 hour(s). E-mail support for Susan relating to calculations not appearing on the baseline of input set.	70.00
Aug-22-07	Edmonds, Sonia 1.50 hour(s). Telephone and remote support for Susan relating to mass 3% adjustment. Tested and documented results. Also assisted with Actual column in Test 2008 budget having calculations work.	262.50
Aug-23-07	Edmonds, Sonia 1.00 hour(s). E-mail support for Susan relating to updating calculations on Q2 in order for totals to appear in current budget.	175.00
Aug-24-07	Edmonds, Sonia 0.50 hour(s). Email support for Susan relating to various Forecaster questions - ExpressLink, Input set calc, etc.	87.50
Aug-27-07	Edmonds, Sonia 1.00 hour(s). Telephone and remote support for Susan relating to uploaded data and historical YTD columns not displaying values.	175.00

Accounts are due when rendered.

Service Charge of 1.5% per month (19.5% per annum) on any balance unpaid 30 days after date of invoice





Aug-28-07 Edmonds, Sonia 1.00 hour(s).

Remote support for Susan to add calc accounts to master account list, recalculate budgets, and test amounts coming through to Budget 2008.

175.00

Aug-29-07 Edmonds, Sonia 0.30 hour(s).

Email and telephone support for Susan to test out input calc task and other options for updating calculated amounts on AF200712 column.

52.50

Aug-30-07 Edmonds, Sonia 1.00 hour(s).

Remote support for Susan to create Budget 2007Q2 input calc, and test ExpressLink connection for APIF.(824)

175.00

Aug-20-07 Edmonds, Sonia 0.30 hour(s).

E-mail support for Susan relating to document attachments to input sets and formatting reports.

52.50

Out of Pocket & 3% Project Life Cycle Administration Fee

592.18

Our Fee \$8,598.43

GST 515.91

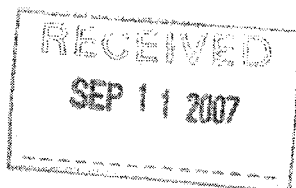
PST 19.08

Total \$9,133.42

-09-12 2007  
BILL

1100-9820-0PS  
2-7125-0000-0000

OK to  
pay  
[Signature]



Accounts are due when rendered.

Service Charge of 1.5% per month (19.5% per annum) on any balance unpaid 30 days after date of invoice



# PURCHASE ORDER

No. 00 - 530  
THIS NUMBER MUST APPEAR ON  
ALL PACKING SLIPS, INVOICES  
AND CORRESPONDENCE

From: Algonquin Power  
2845 Bristol Circle  
Oakville, Ontario  
L6H 7H7

Tel: (905) 465-4500  
Fax: (905) 465-4514

To: BDO

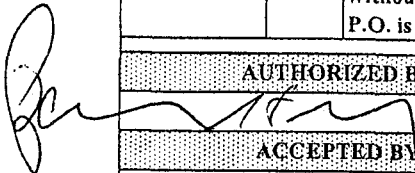
Attn:

Tel:

Fax:

F.O.B.	Ship Via	Terms	Date of Order
		N/30	2-Aug-07
Ordered By	GST	PST	Accounting
Gerald Tremblay	6%	8%	

ITEM #	QTY	DESCRIPTION	PAGE	UNIT COST	TOTAL
	1	Misc Support		15000.00	15000.00
	1				
	1				
This Purchase Order is not to exceed \$ 16,200.00 without the prior written approval of APC. P.O. is valid for above order only.					

AUTHORIZED BY	DATE
	2-Aug-07
ACCEPTED BY	DATE
Order Via Fax / Telephone	2-Aug-07

Subtotal	\$ 15,000.00
PST	1,200.00
GST	
TOTAL	\$ 16,200.00

One Copy - Vendor : One Copy - Accounting





# Invoice

Date	2/26/2008
Invoice #	US11615
Rep	SH

Bill To
---------

Algonquin Power Income Fund Attn: Kelly Castledine 2845 Bristol Circle Oakville, Ontario Canada Oakville, L6H 7H7
---

Terms	P.O. No.	Ordered By
		Kelly Castledine

Quantity	Description	Amount								
1	Meltwater News:25/04/08-25/04/10	8,000.00								
<table border="1"><tr><td>RECEIVED</td><td>VENDOR ID</td></tr><tr><td>COMPANY</td><td>G/L CODE</td></tr><tr><td>APPROVED</td><td>JOB #</td></tr><tr><td>PAID</td><td>ABA (Wire) 026009505</td></tr></table> <p>OK to pay Feb 25/08 APIF 1100-9820-005 2-7142-0000-0000 1100 B13FIN 1100-9820-75-7142-0000</p> <p>ELECTRONIC PAYMENTS Bibby Financial Services (CA), Inc. Bank of America Acct No: 4436455011 ABA (Wire) 026009505 ABA (ACH): 111000012 Benefit of Meltwater News US, Inc. *Please list Meltwater News &amp; Invoice # with wire transfer Fax remittance advice to: 805-446-6112</p> <p>Payments via Mail: Bibby Financial Services (CA), Inc. File # 51042 Los Angeles, CA 90074-1042 *Please reference "Meltwater News" &amp; invoice # on check CREDIT CARD PAYMENT INFORMATION ATTACHED</p>			RECEIVED	VENDOR ID	COMPANY	G/L CODE	APPROVED	JOB #	PAID	ABA (Wire) 026009505
RECEIVED	VENDOR ID									
COMPANY	G/L CODE									
APPROVED	JOB #									
PAID	ABA (Wire) 026009505									
AMOUNT DUE IN FULL BY 27 MARCH 2008		Total \$8,000.00								



**Good News!** You can now pay by credit card. We accept Visa, MasterCard, Discover and American Express. If you would like to charge your purchase to your credit card, please complete the form below and fax it to 805-446-6112

**AUTHORIZATION FOR PAYMENT  
BY CREDIT CARD**

YOUR VENDOR'S COMPANY NAME: \_\_\_\_\_

INVOICE NUMBER: \_\_\_\_\_ AMOUNT: \_\_\_\_\_

I/We hereby authorize Bibby Financial Services (CA) Inc., purchaser and assignee of the above referenced account, to charge my/our credit card, listed below, for the amount due.

Credit card issuer:    ☐ Visa                      ☐ Discover/Novus  
                                 ☐ MasterCard            ☐ American Express

ACCOUNT NUMBER	
# _____	Expires: ____/____
NAME AS IT APPEARS ON CARD	
_____	
BILLING ADDRESS OF CARDHOLDER	
Street _____	
City _____	State ____ Zip _____
Phone _____ - _____	Fax _____ - _____
AUTHORIZATION AND SIGNATURE OF CARDHOLDER	
Cardholder agrees to be bound by the terms and conditions of cardholder's agreement with card issuer.	
Signature _____	Date _____

PLEASE FAX THE COMPLETED AUTHORIZATION TO:

**Bibby Financial Services (CA), Inc.  
ATTN: PAYMENT PROCESSING  
FAX: 805-446-6112**

FOR QUESTIONS REGARDING THIS TRANSACTION PLEASE CALL 866-446-2888



**Request for Taxpayer  
Identification Number and Certification**

Give form to the  
requester. Do not  
send to the IRS.

Print or type  
See Specific Instructions on page 2.

Name (as shown on your income tax return)  
**Meltwater News US, Inc.**

Business name, if different from above

Check appropriate box: ☐ Individual/  
Sole proprietor ☒ Corporation ☐ Partnership ☐ Other ☐ Exempt from backup  
withholding

Address (number, street, and apt. or suite no.)  
**800 W El Camino Real, Suite 260**

City, state, and ZIP code  
**Mountain View, CA 94040**

List account number(s) here (optional)

Requester's name and address (optional)

**Part I Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number								
or								
Employer identification number								
2	0	8	2	8	9	5	2	8

**Part II Certification**

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. person (including a U.S. resident alien).

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

Sign  
Here

Signature of  
U.S. person

Date

June 19 2007

**Purpose of Form**

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

**U.S. person.** Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee.

In 3 above, if applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

For federal tax purposes, you are considered a person if you are:

- An individual who is a citizen or resident of the United States,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or
- Any estate (other than a foreign estate) or trust. See Regulations sections 301.7701-6(a) and 7(a) for additional information.

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,



Request for Taxpayer  
Identification Number and Certification

Give form to the  
requester. Do not  
send to the IRS.

Print or type  
See Specific Instructions on page 2.

Name <b>BIBBY FINANCIAL SERVICES (CA), INC.</b>	
Business name, if different from above	
Check appropriate box: <input type="checkbox"/> Individual/ Sole proprietor <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other ▶	<input type="checkbox"/> Exempt from backup withholding
Address (number, street, and apt. or suite no.) <b>101 N. WESTLAKE BLVD., SUITE 204</b>	Requester's name and address (optional)
City, state, and ZIP code <b>WESTLAKE VILLAGE, CA 91362</b>	
List account number(s) here (optional)	

**Part I** Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN on page 3.

Social security number								
or								
Employer identification number								
2	0	0	2	2	9	3	3	8

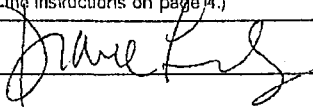
Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

**Part II** Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

Sign Here	Signature of U.S. person ▶ 	Date ▶ <b>6-24-07</b>
-----------	--	-----------------------

**Purpose of Form**

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form; if it is substantially similar to this Form W-9.

Foreign person. If you are a foreign person, use the appropriate Form W-8 (see Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.**

Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.





BDO Dunwoody LLP  
Chartered Accountants  
and Advisors

201 - 660 Speedvale Avenue West  
Guelph Ontario Canada N1K 1E5  
Telephone: (519) 824-5410  
Fax: (519) 824-5497  
Toll Free: (877) 236-4835  
guelph@bdo.ca  
www.bdo.ca

March 11, 2008

Algonquin Power Trust  
2845 Bristol Circle  
Oakville ON L6H 7H7

Attention: Mr. Gerald Tremblay

Invoice	<b>10121119</b>
GST Registration No.	131585366R
PST Registration No.	42260868

For Professional Services relating to Great Plains support

Jan-31-08	Wachtel, Jason 2.00 hour(s).	
	Logged into Algonquin Power. Continued to troubleshoot the SmartList Builder issue on GP2. Ran maintenance and was able to recreate the problem and resolve. Performed full backups of the DYNAMICS database on GP3 and ran the maintenance process on the Bella test company.	\$360.00
Feb-01-08	Wardlaw, Renee 1.25 hour(s).	
	Remote support with Susan relating to Report Writer access via security issue	225.00
Feb-01-08	Payne, Stephen 0.50 hour(s).	
	Project Management	90.00
Feb-07-08	Wilcox, Randall 6.00 hour(s).	
	Onsite with Gerald, Lisa and Susan re: Nolan Intercompany configuration logic and Workplace configuration logic.	1,080.00
Feb-13-08	Wachtel, Jason 0.50 hour(s).	
	Logged into Algonquin. Started to prepare GP2 for testing. Removed all old data and copied over the databases from GP3 to be used for the test environment.	90.00
Feb-14-08	Payne, Stephen 0.50 hour(s).	
	Project management and scheduling	90.00
Feb-15-08	Verebelyi, Eric 4.00 hour(s).	
	Onsite support. Version 10 installation - documentation of process.	720.00

Accounts are due when rendered.

Service Charge of 1.5% per month (19.5% per annum) on any balance unpaid 30 days after date of invoice

829-G90025-3





Feb-15-08 Wachtel, Jason 6.00 hour(s). Onsite at Algonquin. Complete a full walk through of the test server installation and configuration for Great Plains. Restore all databases, install all products and test.	1,080.00
Feb-19-08 Verebelyi, Eric 0.50 hour(s). Development of client install documentation. Review environment via remote connection.	90.00
Feb-19-08 Wachtel, Jason 1.00 hour(s). Log into Algonquin as per Susan's request. Investigate why batches in the BELLA database were being stuck when posted. Released 3 batches at their request. Removed locked records from the SQL tables. Requested that the batches be posted again.	180.00
Feb-20-08 Verebelyi, Eric 1.25 hour(s). Server installation document.	225.00
Feb-21-08 Verebelyi, Eric 4.00 hour(s). Documentation of server installation process.	720.00
Feb-22-08 Verebelyi, Eric 3.50 hour(s). Server install documentation - Dynamics utilities and client setup	630.00
Feb-22-08 Wachtel, Jason 2.50 hour(s). Log into Algonquin Power. Reset all security on a folder level for Great Plains, Integration Manager and FRx on the 2 Citrix servers. Install the Nolan customized application in both the GP2 environment and on the Citrix servers. Upgrade the Nolan data in both environments.	450.00
Feb-25-08 Wachtel, Jason 2.50 hour(s). Log into Algonquin. Perform full backups of the Forecaster data. Install Forecaster service pack 1. Update the FORECASTER database on the server. Install a critical add-on to service pack 1 on the server. Install the web application and test that it works. Install service pack 1 and the critical add-on on both Citrix servers. Send an update with instructions to install to the Algonquin team.	500.00
Mar-10-08 Payne, Stephen 1.00 hour(s). Provided support to resolve year end issues.	180.00
Project life cycle administration	201.30

Accounts are due when rendered.

Service Charge of 1.5% per month (19.5% per annum) on any balance unpaid 30 days after date of invoice





Out of pocket expenses

	336.18
Our Fee	\$7,247.48
GST	362.37
PST	66.08
Total	<u>\$7,675.93</u>

POSTED  
-03-27-2008  
OAKVILLE

RECEIVED	VENDOR ID 1100 BDO
COMPANY ART	C/L CODE
APPROVED [Signature]	JOB #
PAID	GST CODE

[Signature]

1100-9520-OPS  
2-7125-0000-0000

Accounts are due when rendered.

Service Charge of 1.5% per month (19.5% per annum) on any balance unpaid 30 days after date of invoice



Network / Computer / Telephone Equipment/Accounting System Budget 2006

Algonquin Power Oakville Head Office

Operating Costs		Monthly	
<b>Staff:</b>			
currently 2 full time staff in oakville office - David Ormsby, Brian Mottershead		7	70,000 forecast
Quiettouch contract and/or new hire for Oakville Office to handle calls and projects			
<b>Communications:</b>			
Internet Connection	1100-1-9800-75-7225-0000	2,000	24,000
Telephone and Long Distance	1100-1-9800-75-7225-0000	1,800	12,600
<b>Web Accounts</b>			
	1100-1-9800-75-7225-0000	200	2,400
<b>Software:</b>			
Clinix Server Software Renewal	1100-1-9800-75-7125-0000		1,280
Microsoft Email Exchange Software Server Upgrade	1100-1-9800-75-7125-0000		2,000
Symantec Anti-Virus Upgrades	1100-1-9800-75-7125-0000		1,500
Windows Server Licenses	1100-1-9800-75-7125-0000		4,000
Backup Software	1100-1-9800-75-7125-0000		5,000
Microsoft Office Upgrades	1100-1-9800-75-7125-0000		30,000
Blackberry Enterprise Server Upgrade	1100-1-9800-75-7125-0000		2,000
<b>Domain Registrations:</b>			
algonquinpower.com, .net, .ca,	1100-1-9800-75-7200-0000		90
algonquinairlink.ca, .com	1100-1-9800-75-7200-0000		90
aphot.algonquinpower.com	1100-1-9800-75-7200-0000		45
airsourcemapfund.com	1100-1-9800-75-7200-0000		45
<b>Dial-Up Internet Access Software:</b>			
telus dial up accounts	1100-1-9800-75-7225-0000	96	1152
earthlink dialup accounts	1100-1-9800-75-7225-0000	120	1440
<b>Printer Supplies</b>			
Toner 8 catridges	1100-1-9800-75-7122-0000	500 average per month	3,500
fuser units	1100-1-9800-75-7122-0000	50 average per month	350
drum kits	1100-1-9800-75-7122-0000	50 average per month	350
transfer units	1100-1-9800-75-7122-0000	50 average per month	350
Maintenance and Repairs	1100-1-9800-75-7122-0000	50 average per month	350
<b>Computer Repairs</b>			
Hard Drives	1100-1-9800-75-7122-0000		4000
Power Supplies	1100-1-9800-75-7122-0000		400
Memory Upgrades	1100-1-9800-75-7122-0000		2000
Keyboards	1100-1-9800-75-7122-0000		200
Pointing device	1100-1-9800-75-7122-0000		200
<b>Media</b>			
Backup Tapes	1100-1-9800-75-7122-0000		5,000
CD's	1100-1-9800-75-7122-0000		200
floppies	1100-1-9800-75-7122-0000		0
EMC SAN UPGRADE for Great Plains in 07			10,000
<b>Total IT</b>			<u>184,522</u>
<b>Accounting System</b>			
<b>Renewals</b>			
Great Plains	1100-1-9820-75-7125-0000		25,000
Wennsoft Job Cost	1100-1-9820-75-7125-0000		4,000
Fixed Asset Module	1100-1-9820-75-7125-0000		1,000
Paramount	1100-1-9820-75-7125-0000		4,000
Cogsdale-estimated	1100-1-9820-75-7125-0000		10,000
Encore	1100-1-9820-75-7125-0000		500
Mekorma	1100-1-9820-75-7125-0000		500
Miscellaneous Support	1100-1-9820-75-7125-0000		20,000
<b>Total Operating Costs for the Accounting System</b>			<u>65,000</u>
<b>Total Operating Costs for IT and Accounting System</b>			<u>249,522</u>

Inv# 10121119  
7247



<u>Capital Costs:</u>		PROJECTS 2006	
Laptop Computers	1100-1-0000-10-1625-0000	Allocate 10 new computers (new hires and/or failed systems)	20,000
New LCD Monitors	1100-1-0000-10-1625-0000	Replace old CRT monitors with LCD (10 units)	4,000
Archive and Compliance Software	1100-1-0000-10-1625-0000	To archive data on NAS	8,000
Microsoft Exchange Redundant Email Server	1100-1-0000-10-1625-0000	For redundancy and allow more remote access users	15,000
Virtual Servers - begin process of virtual server enviornment to reduce hardware and software costs / improve recovery			60,000
Rack For Servers	1100-1-0000-10-1625-0000	Rack Mounting for Servers	5,000
Server Room Renovations - add new UPS			25,000
Desktop Computers	1100-1-0000-10-1625-0000	Allocate 4 new computers (new hires and/or failed systems)	10,000
Printers	1100-1-0000-10-1625-0000	HP4100	2,500
SHAREPOINT PROJECT	1100-1-0000-10-1625-0000	to provide a web based share point for document control/cor	20,000
Total:			169,500
<u>Accounting System</u>			
Timesheet Automation- Estimated	1100-1-0000-10-1625-0000		20,000
Expense Automation- Estimated	1100-1-0000-10-1625-0000		15,000
Intercompany Module and centralization of data bas	1100-1-0000-10-1625-0000		50,000
Dashboard-Executive Real Time info.	1100-1-0000-10-1625-0000		15,000
Integrity reports and automation	1100-1-0000-10-1625-0000		15,000
Additional User Licensing- Forecaster Etc	1100-1-0000-10-1625-0000	10.00 650	6,500
Total CAPEX for the Accounting System			121,500
Total CAPEX for IT and Accounting			291,000

Allocations:	<u>Operating Costs</u>	<u>Capital Costs</u>
APT	234,522	291,000
Newspring	10,000	
TOTAL	244,522	291,000
Amortize Cap. Costs over:		5 years
		58,200 Annual Amount (2004-2008)



Invoice

Remit To:  
ALGONQUIN POWER SYSTEMS

2845 Bristol Circle

Oakville, ON L6H 7H7  
(905) 465-4500 Ext. 0000

Bill To:  
Algonquin Power Trust - CDN  
Attn:  
Mr. David Kerr  
2845 Bristol Circle

Oakville, ON L6H 7H7

Job Address:  
2845 Bristol Circle  
Oakville, ON L6H 7H7

Date	Invoice Number	Customer Order Number	Customer Number	Net Terms
5/31/2008	JC36545		002APTCN	Net 30

Description

Job Number: 002-999907-3686 Job Name: APT-Ciel Pot.Acq -110098400061

Material	Quantity	Unit Chg	Billable Amount
Purolator Courier	1.00	12.95	12.95
Group Conseil Genivar	1.00	6,160.00	6,160.00

Material Total: 6,172.95

RECEIVED 5/31/08	VENDOR ID 100 APS CDN
COMPANY APT	G/L CODE
APPROVED	JOB #
PAID	COST CODE

Subcontractors

Quantity	Unit Chg	Billable Amount
1.00	811.79	811.79
1.00	5,218.49	5,218.49
1.00	4,102.00	4,102.00

Subcontractors Total: 10,132.28

Admin	Quantity	Unit Chg	Billable Amount
Tele Communications de L'est	1.00	50.00	50.00
Tele Communications de L'est	1.00	53.94	53.94
Tele Communications de L'est	1.00	50.00	50.00
Tele Communications de L'est	1.00	50.00	50.00
Tele Communications de L'est	1.00	50.00	50.00
Tele Communications de L'est	1.00	500.00	500.00
Week-end en Fete Ste-Felicite	1.00	136.38	136.38
Claude Dube	1.00	220.12	220.12
Ferme Delavoie enr (Claude Lavoie)	1.00	76.04	76.04
Gaetan Dube/Reginald Dube			



Ghislain Berube	1.00	LICENSES AND FEES	272.06	272.06
Gilles Charest	1.00	LICENSES AND FEES	251.88	251.88
Ferme France et Guy D'Astous enr.	1.00	LICENSES AND FEES	401.30	401.30
Jean Paul Berube	1.00	LICENSES AND FEES	526.52	526.52
Marcel D'Auteuil	1.00	LICENSES AND FEES	241.62	241.62
Marcel Berube	1.00	LICENSES AND FEES	352.14	352.14
Sylvidam Inc.	1.00	LICENSES AND FEES	33.80	33.80
Ulric Berube	1.00	LICENSES AND FEES	72.82	72.82
Claude Dube	1.00	LICENSES AND FEES	350.00	350.00
Ferme Delavoye enr (Claude Lavoie)	1.00	LICENSES AND FEES	350.00	350.00
Gaetan Dube/Reginald Dube	1.00	LICENSES AND FEES	350.00	350.00
Ghislain Berube	1.00	LICENSES AND FEES	350.00	350.00
Gilles Charest	1.00	LICENSES AND FEES	350.00	350.00
Ferme France et Guy D'Astous enr.	1.00	LICENSES AND FEES	350.00	350.00
Marcel D'Auteuil	1.00	LICENSES AND FEES	350.00	350.00
Marcel Berube	1.00	LICENSES AND FEES	350.00	350.00
Sylvidam Inc.	1.00	LICENSES AND FEES	350.00	350.00
Ulric Berube	1.00	LICENSES AND FEES	350.00	350.00
Marcel D'Auteuil	1.00	LICENSES AND FEES	350.00	350.00

Admin. Total: 7,188.62

67100-0000-0000

Billing Amount: \$23,493.85  
Retention Withheld: \$0.00  
Retention Due: \$0.00

Subtotal: \$23,493.85  
Misc: 0.00  
Tax: 3,024.85

GST Number: 13248 7463 RC0001

Pay This Amount: \$26,518.70





DELL CANADA INC  
155 Gordon Baker Rd.,  
Suite 501  
North York, Ontario  
Canada M2H 3N5

Dell Online/Dell Site Internet: [www.dell.ca](http://www.dell.ca)  
Main Telephone/Téléphone: 1-416-758-2100  
Fax/Télécopieur: 1-416-758-2303  
Technical Support/Soutien Technique: 1-800-387-5757

## Invoice / Facture

GST/TPS No: R121233001 RT  
QST/TVQ No: 1008330537-TQ-0001  
PST/TVQ No: ON # 5669-1866

Sold to/Vendu à:

000093

OCT 23 2007

Ship to/Expédié à:

ALGONQUIN POWER CORPORATION IN  
Mr. David Ormsby  
2845 BRISTOL CIRCLE  
OAKVILLE ON L6H 7H7  
Canada

ALGONQUIN POWER CORPORATION  
Mr. David Ormsby  
2845 BRISTOL CIRCLE  
OAKVILLE ON L6H 7H7  
Canada

POSTED  
-10-25-2007  
OAKVILLE

Invoice No/No de facture: 707010000644042	Customer No/No de client: 875408	Order No/No de commande: 184541472	Page 1 / 2
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PO No/Réf. client: 0537  
Dispatch Date/Expédition: 10/12/07  
Terms/Conditions: Net 30 Days/Net 30 jours  
Due Date/Echéance: 11/11/07

Invoice date/Date de facture: 10/12/07  
Ship via/Expédié par: INTERNATIONAL  
Order date/Date commande: 10/09/07  
Salesperson/Vendeur(se): MILOS LUKAC

Item No. Code article	Description	Quantity Quantité	Unit Price Prix unitaire	Amount Montant
222-6802	Quad Core Xeon Processor E53102x4MB Cache, 1.60GHz, 1066MHz FSB, PE2950	1	6,474.00	6,474.00
310-3785	Premier Enterprise SupportService Gold Welcome Letter	1		
310-5625	5M MULTI-MODE FC CABLE LC-LC Tyco	2		
310-7412	Rack Chassis w/Sliding Rapid/Versa Rails and Cable Management Arm,Universal	1		
310-7415	Electronic Documentation and OpenManage CD Kit, PE2950	1		
310-7422	Redundant Power Supply with Dual Cords for PowerEdge 2950	1		
311-1193	Information, No Second Processor	1		
311-5747	1x6 Backplane for 3.5-inch Hard Drives	1		
311-6154	4GB 667MHz (4X1GB), Dual Ranked Fully Buffered DIMMs	1		
313-3920	Bezel for PE 2950	1		
313-3934	24X IDE CD-RW/DVD ROM Drive for PowerEdge 2950	1		
320-4607	Riser with 3 PCIe Slots for PowerEdge 2950	1		
341-3031	146GB 15K RPM Serial-Attach SCSI 3Gbps 3.5-in HotPlug HardDrive	2		
341-3059	Integrated SAS/SATA RAID 1 PERC 5/i Integrated	1		
341-3056	PERC 5/i, x8 Backplane Integrated Controller Card	1		
341-3685	No Floppy Drive for x6 Backplane	1		
341-4606	Qlogic 2460 4GB Optical Fiber Channel HBA, PCI-E Card	1		
341-4606	Qlogic 2460 4GB Optical Fiber Channel HBA, PCI-E Card	1		
420-2482	Power Path ENT Windows Workgroup	1		
420-6320	No Operating System	1		
430-1784	Embedded Broadcom NetXtreme II5708 GigabitEthernet NIC	1		
430-1765	Broadcom TCP/IP Offload EngineNot Enabled	1		
465-5674	Hard Drive MultiSelect Option	1		
960-8572	GOLD Enterprise Support: 7x24 Escalation Manager, Hw/Sw TechPhone Support, Enterprise Com mand Center, 3Yr	1		
970-4190	GOLD Enterprise Support: 4 Hour 7x24 Onsite Service with Emergency Dispatch, Init YR	1		
984-1399	Dell Hardware Warranty Plus Onsite Service Init YR	1		
960-8322	GOLD Enterprise Support: 4 Hour 7x24 Onsite Service with Emergency Dispatch, 2 YR Ext	1		
984-1417	Dell Hardware Warranty, Extended YR	1		

OK TO PAY  
NET 30

S/B CAPITALIZED

### Tax Summary / Détail des taxes

Rate (%)	GST-HST	APR	Sub-total/Sous-total	CAD
Taux (%)	TPS	APPROVED	Freight/Frêt	125.00
6.00	395.94	JOB #	GST-HST/TPS	395.94
		1100-9880-APT	PST-QST/TVQ-TVQ	527.92
			Total	7,522.86
Rate (%)	PST-QST		Payments/Crédits	0.00
Taux (%)	TVP-TVQ	PAID	Total due/Montant dû	7,522.86
8.00	527.92	COST CODE		
		2-7125-0000-0000		

Unless you have a separate written agreement with Dell, all purchases are subject to Dell's terms and conditions of sale accompanying this invoice.  
A moins que vous n'ayez conclu une entente écrite distincte avec Dell, tous les achats sont assujettis aux conditions de vente de Dell accompagnant la présente facture.

French document available upon request / Un document en français est disponible sur demande.



Invoice

Remit To:  
ALGONQUIN POWER SYSTEMS

2845 Bristol Circle

Oakville, ON L6H 7H7  
(905) 465-4500 Ext. 0000

Bill To:  
Algonquin Power Trust - CDN  
Attn:  
Mr. David Kerr  
2845 Bristol Circle

Job Address:  
2845 Bristol Circle

Oakville, ON L6H 7H7

Oakville, ON L6H 7H7

Date	Invoice Number	Customer Order Number	Customer Number	Net Terms
6/27/2008	JC36862		002APTCDN	Net 30

Description

Job Number: 002-999908-3873 Job Name: APT-Business Devel.Opportunit.

1100-9840-6077

Admin.	Quantity	Unit Chg	Billable Amount
	1.00	5,675.00	5,675.00
Ontario Waterpower Association		LICENSES AND FEES	
		Admin. Total:	5,675.00

6-7100-0000-0000

GST Number: 13248 7463 RC0001

Billing Amount:	\$5,675.00
Retention Withheld:	\$0.00
Retention Due:	\$0.00
Subtotal:	\$5,675.00
Misc:	0.00
Tax:	283.75
Pay This Amount:	\$5,958.75



# Invoice



5700 Timberlea Blvd., Unit #1  
Mississauga, ON L4W 5B9  
Tel: 905-238-8960  
Fax: 905-238-8976

DATE	INVOICE #
06-09-2007	33092

## BILL TO:

Algonquin Power  
Attn: Kelly Castledine  
2845 Bristol Circle  
Oakville, ON L6H 7H7

## SHIP TO:

75 Sets to Ship - \$75.56  
Queens Quay  
60 Sets to Algonquin - \$40.06  
Oakville

P.O. NUMBER	TERMS	REP	SHIP	VIA	F.O.B.	PROJECT
	Net 20	Angcl	06-09-2007	Rybkorp		

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
270		Pilsner Beer Glasses	18.00	4,860.00T
		Packed in Gift Boxes w/2 Glasses		
1		Set-up Charge	80.00	80.00T
1	FR	FREIGHT	115.62	115.62T

Business Number: 888655750

RECEIVED  
SEP 20 2007

RECEIVED	1000 MUL MAIL
COMPANY	GL CODE
APPROVED	1000 1022-AS
PAID	OK to pay Sept. 19/07

G. 700 000 000

Subtotal	\$5,055.62
GST	\$303.34
PST	\$404.45
<b>TOTAL</b>	<b>\$5,763.41</b>

Thank You For Your Order!





DELL CANADA INC  
155 Gordon Baker Rd.,  
Suite 501  
North York, Ontario  
Canada M2H 3N5

Dell Online/Dell Site Internet: [www.dell.ca](http://www.dell.ca)  
Main Telephone/Téléphone: 1-416-758-2100  
Fax/Télécopieur: 1-416-758-2303  
Technical Support/Soutien Technique: 1-800-387-5757

## Invoice / Facture

GST/TPS No: R121233001 RT  
QST/TVQ No: 1008330537-TQ-0001  
PST/TVP No: ON # 5669-1866

POSTED  
-10-25 2007  
OAKVILLE

Sold to/Vendu à:

000253

OCT 23 2007

**ALGONQUIN POWER CORPORATION IN**  
**Mr. David Ormsby**  
**2845 BRISTOL CIRCLE**  
**OAKVILLE ON L6H 7H7**  
**Canada**

Ship to/Expédié à:

**ALGONQUIN POWER CORPORATION IN**  
**Mr. David Ormsby**  
**2845 BRISTOL CIRCLE**  
**OAKVILLE ON L6H 7H7**  
**Canada**

Invoice No/No de facture:	Customer No/No de client:	Order No/No de commande:	Page 1 / 1
707010000627587	875408	184568483	

PO No/Réf. client: 0537  
Dispatch Date/Expédition: 10/09/07  
Terms/Conditions: Net 30 Days/Net 30 jours  
Due Date/Echéance: 11/08/07

Invoice date/Date de facture: 10/09/07  
Ship via/Expédié par: INTERNATIONAL  
Order date/Date commande: 10/09/07  
Salesperson/Vendeur(se): MILOS LUKAC

Item No. Code article	Description	Quantity Quantité	Unit Price Prix unitaire	Amount Montant
921-1276	ISA SERVER 2006 IMPLEMENTATION, ALGONQUIN POWER, BUCHANAN	1	5,000.00	5,000.00

### Tax Summary / Détail des taxes

	CAD
Rate (%)	GST-HST
Taux (%)	TPS
6.00	300.00
	CAD
Rate (%)	PST-QST
Taux (%)	TVP-TVQ
8.00	400.00

OK To pay  
N/A

	CAD
Sub-total/Sous-total	5,000.00
Freight/Frêt	0.00
GST-HST/TPS	300.00
PST-QST/TVP-TVQ	400.00
Total	5,700.00
Payments/Crédits	0.00
Total due/Montant dû	5,700.00

Associated Orders/Commande(s) associée(s): 184568483

SIB CAPITALIZED

Please mail cheque payments to/Veuillez remettre les paiements par chèque à:

Dell Canada Inc.  
P.O. Box 8440 Station "A"  
Toronto, ON M5W 3P1

RECEIVED	VENDOR ID 1100 DELL
COMPANY APT	CODE
APPROVED	JOB # 1100-9800-APT
PAID	COST CODE 2-7125-0000-0000

Unless you have a separate written agreement with Dell, all purchases are subject to Dell's terms and conditions of sale accompanying this invoice.  
A moins que vous n'ayez conclu une entente écrite distincte avec Dell, tous les achats sont assujettis aux conditions de vente de Dell accompagnant la présente facture.

French document available upon request / Un document en français est disponible sur demande.



# H.A.R.P. Security

*P.S. RETURN TO  
JANIS V.*  
760 Pacific Rd. #21  
Oakville, ON L6L 6M5

E-mail: info@harpsecurity.com  
Phone Number: 905-827-6655  
Fax Number: 905-827-3884

GST Registration #: 13736 0145 RT\*\*\*\*

Bill To:

ALGONQUIN POWER TRUST  
2845 Bristol Circle  
Oakville ON L6H 7H7

Invoice #: 00070113

Ship To:

ALGONQUIN POWER TRUST  
2845 Bristol Circle  
Oakville ON L6H 7H7

SALESPERSON Cam Roberts	P.O. Number	SHIP VIA	Delivery Date	TERMS C.O.D.	DATE 8/09/07	1
QTY 1	DESCRIPTION Security Audit and Consultation Fees July 15 - August 1, 2007 - requested by Janis Valentine		PRICE \$5,100.00	UNIT ea	DISC %	TOTAL \$5,100.00
RECEIVED		VENDOR ID 1100 HARP SEC				
COMPANY APT		G/L CODE OK Valentine				
APPROVED		JOB # 1100-9820-OPS				
PAID		COST CODE 3.7316.0000.0000 <del>2.7316.0000.0000</del>				

WE APPRECIATE YOUR BUSINESS AND THANK YOU FOR YOUR CONTINUED TRUST.



GST RATE	AMOUNT	SALE AMOUNT	SALE AMOUNT	\$5,100.00
6%	\$306.00	\$5,100.00	GST	\$306.00
6%	\$0.00	\$0.00	TOTAL	\$5,406.00
			AMT PAID	\$0.00

BALANCE DUE **\$5,406.00**

Payment Due Upon Receipt. 2% Interest Charged on Overdue Accounts.



Invoice

Remit To:  
ALGONQUIN POWER SYSTEMS

2845 Bristol Circle

Oakville, ON L6H 7H7  
(905) 465-4500 Ext. 0000

Bill To:  
Algonquin Power Trust - CDN  
Attn:  
Mr. David Kerr  
2845 Bristol Circle

Oakville, ON L6H 7H7

Job Address:  
2845 Bristol Circle  
Oakville, ON L6H 7H7

Date	Invoice Number	Customer Order Number	Customer Number	Net Terms
1/31/2008	JC35249		002APTCN	Net 30

Description

Job Number: 002-999903-APTOH Job Name: APT Overhead Costs

Material	Quantity	Unit Chg	Billable Amount
Federal Express Canada Ltd.	1.00	402.70	402.70
		SHIPPING AND TRANSPORT	
Pitney Bowes Leasing	1.00	58.42	58.42
		SHIPPING AND TRANSPORT	
Federal Express Canada Ltd.	1.00	452.34	452.34
		SHIPPING AND TRANSPORT	
Purolator Courier	1.00	30.45	30.45
		SHIPPING AND TRANSPORT	
Federal Express Canada Ltd.	1.00	123.94	123.94
		SHIPPING AND TRANSPORT	
PitneyWorks	1.00	158.44	158.44
COURIER CHARGE	1.00	14.60	14.60
Purolator Courier	1.00	495.66	495.66
COURIER CHARGE	1.00	227.54	227.54
Federal Express Canada Ltd.	1.00	19.98	19.98
COURIER CHARGE	1.00		
Dasco Emergency Courier		SHIPPING AND TRANSPORT	
Material Total:			1,984.07

Subcontractors	Quantity	Unit Chg	Billable Amount
Traductions Robert Lambert	1.00	32.76	32.76
		DAM/PENSTOCK	
Traductions Robert Lambert	1.00	31.29	31.29
		DAM/PENSTOCK	
Subcontractors Total:			64.05

Travel & Disbur	Quantity	Unit Chg	Billable Amount
Aramark Canada	1.00	48.32	48.32
		MEALS	
Janet Yeung- petty Cash	-1.00	50.00	-50.00
		MEALS	



Janet Yeung- petty Cash	1.00	MEALS	37.99	37.99
Janet Yeung- petty Cash	1.00	MEALS	27.64	27.64
Janet Yeung- petty Cash	1.00	MEALS	74.76	74.76
Janet Yeung- petty Cash	1.00	MEALS	64.44	64.44
Janet Yeung- petty Cash	1.00	MEALS	50.81	50.81
Janet Yeung- petty Cash	1.00	MEALS	17.56	17.56
Janet Yeung- petty Cash	1.00	MEALS	14.39	14.39
Janet Yeung- petty Cash	1.00	MEALS	17.33	17.33
Janet Yeung- petty Cash	1.00	MEALS	30.05	30.05
Aramark Canada	1.00	MEALS	2,282.51	2,282.51
TD Visa	1.00	MEALS	46.87	46.87
Aramark Canada	1.00	MEALS	58.44	58.44
COFFEE, JUICE, POP	1.00	MEALS	83.40	83.40
Aramark Canada	1.00	MEALS	4.00	4.00
Janet Yeung- petty Cash	1.00	MEALS	12.83	12.83
Janet Yeung- petty Cash	1.00	MEALS	20.95	20.95
Janet Yeung- petty Cash	1.00	MEALS	7.55	7.55
Janet Yeung- petty Cash	1.00	MEALS	8.04	8.04
Janet Yeung- petty Cash	1.00	AIRFARE & OTHER TRANSPORT	112.84	112.84
ETR 407 Express Toll Route		Vehicle Repairs		
Travel & Disbur Total:				2,970.72

Admin.	Quantity	Unit Chg	Billable Amount
Janet Yeung- petty Cash	1.00	13.93	13.93
Janet Yeung- petty Cash	1.00	Office Supplies	52.20
Janet Yeung- petty Cash	1.00	Office Supplies	49.19
Janet Yeung- petty Cash	1.00	Office Supplies	19.34
Janet Yeung- petty Cash	1.00	Office Supplies	55.46
Janet Yeung- petty Cash	1.00	Office Supplies	17.26
Janet Yeung- petty Cash	1.00	Office Supplies	56.34
Canadian Tire Commercial MasterCar	1.00	Office Supplies	19.73
Corporate Express	1.00	Office Supplies	2.93
Corporate Express	1.00	Office Supplies	21.59
Corporate Express	1.00	Office Supplies	1.76
Corporate Express	1.00	Office Supplies	7.70
Corporate Express	1.00	Office Supplies	26.03
Corporate Express	1.00	Office Supplies	25.26
Corporate Express	1.00	Office Supplies	16.96
Corporate Express		Office Supplies	



Corporate Express	1.00	21.12	21.12
Corporate Express	1.00	Office Supplies	12.48
Corporate Express	1.00	Office Supplies	1.55
Corporate Express	1.00	Office Supplies	11.31
Corporate Express	1.00	Office Supplies	39.97
Corporate Express	1.00	Office Supplies	9.85
Corporate Express	1.00	Office Supplies	1,164.75
Davis & Henderson	1.00	Office Supplies	68.40
TD Visa	1.00	Office Supplies	20.74
Grand & Toy	1.00	Office Supplies	161.14
Avenue Industrial Supply	1.00	Office Supplies	134.95
Avenue Industrial Supply	1.00	Office Supplies	29.74
Print Infinity	1.00	Office Supplies	3.35
OFFICE SUPPLIES	1.00	Office Supplies	2.16
Grand & Toy	1.00	Office Supplies	35.34
Janet Yeung- petty Cash	1.00	Office Supplies	66.71
Janet Yeung- petty Cash	1.00	Office Supplies	40.82
Janet Yeung- petty Cash	1.00	REPRODUCTION	263.25
Canon Canada Inc.	1.00	TELEPHONE & COMMUNICATION	176.88
Blink Communications Inc.	1.00	TELEPHONE & COMMUNICATION	95.35
Bell Canada	1.00	TELEPHONE & COMMUNICATION	2.53
Bell Canada	1.00	TELEPHONE & COMMUNICATION	502.85
Bell Canada	1.00	TELEPHONE & COMMUNICATION	13.31
ACT Teleconferencing Canada Inc.	1.00	TELEPHONE & COMMUNICATION	5,029.29
Bell Canada	1.00	Cellular Charges	5,601.60
TEL CHARGES	1.00	Cellular Charges	228.75
Bell Mobility - POB 5102 Burlingto	1.00	Cellular Charges	266.00
TEL CHARGES	1.00	INSURANCE	80.74
Bell Mobility - POB 5102 Burlingto	1.00	INSURANCE	7.81
CELL	1.00	INSURANCE	200.00
Rogers/POB 9100 Don Mills	1.00	LICENSES AND FEES	190.59
RBC Life Insurance Company	1.00	LICENSES AND FEES	1,395.00
CAFO Inc.	1.00	LICENSES AND FEES	1,745.33
CAFO Inc.	1.00	LICENSES AND FEES	477.42
Actuarial Consulting Services, Inc	1.00	LICENSES AND FEES	45.00
Littler Mendelson, P.C.	1.00	LICENSES AND FEES	9,006.54
Watson Wyatt	1.00	Training-Administration	
PROFESSIONAL SERVICES	1.00		
Mathews, Dinsdale & Clark	1.00		
SCORE BUILDER	1.00		
D&B	1.00		
TRUSTEE FEE	1.00		
London Life Insurance Company	1.00		
The Great West Life	1.00		

Admin. Total: 27,538.30



Billing Amount:	\$32,557.14
Retention Withheld:	\$0.00
Retention Due:	\$0.00

Subtotal:	\$32,557.14
Misc:	0.00
Tax:	1,627.86

GST Number: 13248 7463 RC0001

Pay This Amount:	\$34,185.00
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**Bell Mobility**

November 22, 2007

Account # 502787517

NOV 29 2007

1 of 217

Customer identification number : 50278751U0C788

7517 NOV 07

**ACCOUNT SUMMARY for ALGONQUIN POWER SYSTEM INC.**

Previous amount due \$8,110.46  
 Payment received Thank you Nov 8 -8,110.46  
**Balance \$0.00**

**DISCOUNTS THIS MONTH...**

**Total discounts \$683.05**  
 (see following pages for details)

**Total current charges including taxes****\$10,153.11****Total amount withdrawn from your account****\$10,153.11**

Thank you for choosing Bell Mobility

Total GST included in this bill \$523.80  
 Total Ontario Tax included in this bill \$641.71  
 Total QST - Telecom included in this bill \$30.22  
 Total BC Tax included in this bill \$8.94  
 Foreign tax \$0.04

**APTOH**

APT	SPARE	1100-9860	ops	446.85
Janis	Valentine	1100-9810	ops	197.66
Chris	Jarratt	1100-9860	ops	298.21
Dave	Kerr	1100-9860	ops	293.18
Ian	Robertson	1100-9860	ops	2023.60
Ford	Scissons	1100-9850	ops	11.17
Tad	Lipowicz	1100-9850	LFG	251.63
Dave	Willison	1100-9850	KMS	11.18
Daivd	Bronicheski	1100-9850	ops	234.61
Andy	Ling	1100-9850	ops	216.23
John	Huxley	1100-9860	ops	248.90
Kelly	Castledine	1100-9870	ops	79.46
Gerald	Tremblay	1100-9820	ops	49.57
Luisa	Parlconi	1100-9820	ops	162.94
Dave	Ormsby	1100-9800	OPS	111.16
Dean	Comand	1100-9850	ops	823.38
Brian	Mottershead	1100-9800	ops	141.87
				5601.60

Call: 416-674-2233; toll free 1-888-925-4899;

**APS 002BELMOB**

		With Exchange
001 OPS	6-5160-0000-1	162.32
9999 APTOH	6-5160-0000-1	5601.60
9999 AAOH	6-5160-0000-1	681.11
9999 KMSOH	6-5160-0000-1	183.20
9999 NEWSOH	6-5160-0000-2	118.21
400 OPS	6-5160-0000-1	116.46
405 OPS	6-5160-0000-1	41.51
401 OPS	6-5160-0000-1	43.15
402 OPS	6-5160-0000-1	43.15
300 OPS	6-5160-0000-1	108.16
302 OPS	6-5160-0000-1	57.72
201 OPS	6-5160-0000-1	136.22
204 OPS	6-5160-0000-1	76.28
002-1-9999-75-7215-0000		2264.11
002-2-9999-80-8670-0000		-3.89
<b>Subtotal</b>		<b>9629.31</b>
<b>G.S.T</b>		<b>523.80</b>
<b>TOTAL</b>		<b>10153.11</b>

**CELLULAR CHARGE**

OK TO Pay?  
 NJC

phone \*611

Statement only

Customer identification number : 50278751U0C788



Account Number	Statement Date	Total Amount Due	Amount Paid
502787517	November 22, 2007	\$10,153.11	

#01#E#BMON1#R# #LRG# #00058487#

Total amount withdrawn from your account

000187

ALGONQUIN POWER SYSTEM INC.  
 2845 BRISTOL CIR  
 OAKVILLE, ON L6H 7H7

75485078751385796700079071122676568488248481484804800010153116



Vendor ID: 002BELMOB

Invoice#: 7517 *WV07*

Nov. 22, 2007

Acc#: 502787517

		CELLULER CHARGE		Phone #	Charge	GST	Total
APT	SPARE	1100-9860	ops	289-259-4294			
		1100-9860	OPS	was Bob D's	446.85	24.83	471.68
		1100-9860	OPS	was Ford S's			
Louis	VanAmelsvoot	001	OPS	6-5150-0000-1	41.90	2.54	44.44
Al	Walton	001	OPS	6-5150-0000-1	47.75	2.87	50.62
Glen	Wilneff	001	OPS	6-5150-0000-1	72.67	4.20	76.87
Janis	Valentine	1100-9810	ops	416-209-2619	197.66	10.98	208.64
Chris	Jarratt	1100-9860	ops	416-209-5924	298.21	16.54	314.75
				905-464-3602			
Dave	Kerr	1100-9860	ops	416-209-5926	293.18	16.29	309.47
				905-483-4569			
Ian	Robertson	1100-9860	ops	416-209-5999	2023.60	112.24	2135.84
				416-453-7618			
Ford	Scissons	1100-9850	ops	416-347-9155	11.17	0.63	11.80
Brian	Wong	9999	AAOH	6-5150-0000-1	271.54	15.13	286.67
Tad	Lipowicz	1100-9850	LFG	416-427-9290	251.63	13.87	265.50
Dave	Willison	1100-9850	KMS	416-432-1137	11.18	0.63	11.81
Shane	Murphy	9999	AAOH	6-5150-0000-1	409.57	22.72	432.29
Andy	Ling	1100-9850	ops	416-476-5330	216.23	11.95	228.18
				416-553-0432			
John	Huxley	1100-9860	ops	416-540-5177	248.90	11.91	260.81
Kelly	Castledine	1100-9870	OPS	416-576-8158	79.46	4.41	83.87
Arne	Kleppe	9999	NEWSOH	6-5150-0000-2	114.32	6.35	120.67
Frank	Amaral	9999	KMSOH	6-5150-0000-1	100.67	5.6	106.27
Gerald	Tremblay	1100-9820	ops	416-970-3145	49.57	2.76	52.33
Luisa	Paniconi	1100-9820	ops	416-988-0071	162.94	9.14	172.08
Denis	Ratte	400	OPS	6-5150-0000-1	55.33	3.13	58.46
Maxime	Thibault	405		6-5150-0000-1	41.51	2.3	43.81
Alain	Montambault	401/402	OPS	6-5150-0000-1	86.30	4.86	91.16
Richard	Jordan	300	OPS	6-5150-0000-1	47.03	2.6	49.63
Gino	Grenier	300/400	OPS	6-5150-0000-1	122.25	6.79	129.04
Leonard	Fiola	302		6-5150-0000-1	57.72	3.2	60.92
Johnny	Grimm	201	OPS	6-5150-0000-1	44.05	2.49	46.54
Steve	Clarkson	201	OPS	6-5150-0000-1	92.17	5.17	97.34
John	Vanberkel	204	ops	6-5150-0000-1	38.25	2.13	40.38
Doug	Robertson	204	ops	6-5150-0000-1	38.03	2.13	40.16
Gaitan	Mercier	APS		905-301-5587	128.11	7.17	135.28
David	Bronicheski	1100-9820	OPS	905-464-0056	234.61	13.03	247.64
				905-464-5978			
Bulmaro	Landa	APS		905-464-1338	114.16	6.34	120.50
Mike	Griffin	APS		905-464-1581	191.50	10.65	202.15
Dave	Ormsby	1100-9800	OPS	905-464-2057	111.16	6.25	117.41
Al	Cauwenbergs	APS		905-464-2102	400.63	15.55	416.18
Dave	Ross	APS		905-464-2725	206.31	11.72	218.03
General	(APS spare)	APS		905-464-4350	37.48	2.08	39.56
Armando	Sanchez	APS		905-464-4407	114.16	6.34	120.50
Homer	Lensink	APS		905-464-5616	673.30	35.26	708.56
Jim	Anderson	APS		905-464-6582	188.36	10.46	198.82
Dirk	Vanderform	APS		905-464-8892	114.16	6.34	120.50
Sean	Fairfield	APS		905-466-1360	95.95	5.33	101.28
Peter	Bulionis	KMSOH	6-5150-0000-1	905-467-9846	82.53	4.6	87.13
Dean	Comand	1100-9850	ops	905-516-0118	823.38	44.25	867.63
Brian	Mottershead	1100-9800	ops	905-520-5672	141.87	8.04	149.91
					9629.31	523.80	

TOTAL

523.8

10153.11



**Bell Mobility**

December 22, 2007

Account # 502787517

1 of 199

Customer identification number : 50278751UOC788

7517 Decof

**ACCOUNT SUMMARY for ALGONQUIN POWER SYSTEM INC.**

Previous amount due \$10,153.11  
 Payment received Thank you Dec 9 -10,153.11  
**Balance \$0.00**

Total current charges including taxes \$9,317.83

Total amount withdrawn from your account **\$9,317.83**

Total GST included in this bill \$485.44  
 Total Ontario Tax included in this bill \$580.31  
 Total QST - Telecom included in this bill \$42.28  
 Total BC Tax included in this bill \$7.85

**DISCOUNTS THIS MONTH...**

Total discounts \$733.78  
 (see following pages for details)

Thank you for choosing Bell Mobility

OK TO Pay  
 DEC 31 2007

**APTOH**

APT	SPARE	1100-9860	ops	470.02
Janis	Valentine	1100-9810	ops	189.15
Chris	Jarratt	1100-9860	ops	306.91
Dave	Kerr	1100-9860	ops	291.01
Ian	Robertson	1100-9860	ops	506.10
Ford	Scissons	1100-9850	ops	11.17
Tad	Lipowicz	1100-9850	LFG	251.67
Dave	Willison	1100-9850	KMS	11.18
Daivd	Bronicheski	1100-9850	ops	237.21
Andy	Ling	1100-9850	ops	270.55
John	Huxley	1100-9860	ops	182.70
Kelly	Castledine	1100-9870	ops	134.91
Gerald	Tremblay	1100-9820	ops	70.33
Luisa	Paniconi	1100-9820	ops	125.93
Dave	Ormsby	1100-9800	OPS	144.52
Dean	Comand	1100-9850	ops	1694.17
Brian	Mottershead	1100-9800	ops	131.76

DOR ID

CODE

DB #

T CODE

APS 002BELMOB

With Exchange

001 OPS	6-5160-0000-1	211.91
9999 APTOH	6-5160-0000-1	5029.29
9999 AAOH	6-5160-0000-1	720.86
9999 KMSOH	6-5160-0000-1	210.40
9999 NEWSOH	6-5160-0000-2	118.04
400 OPS	6-5160-0000-1	135.14
405 OPS	6-5160-0000-1	72.40
401 OPS	6-5160-0000-1	32.82
402 OPS	6-5160-0000-1	32.82
300 OPS	6-5160-0000-1	241.77
302 OPS	6-5160-0000-1	58.32
201 OPS	6-5160-0000-1	120.07
204 OPS	6-5160-0000-1	114.62
002-1-9999-75-7215-0000		1737.81
002-2-9999-80-8670-0000		-3.88
Subtotal		8832.39
G.S.T		485.44
TOTAL		9317.83

FOR CUSTOMER SERVICE

Call: 416-674-2233; toll free 1-888-925-4899; from cellular phone \*611

CELLULAR CHARGE

Statement only

Customer identification number :50278751UOC788



Account Number	Statement Date	Total Amount Due	Amount Paid
502787517	December 22, 2007	\$9,317.83	

#01#E#BMON1#R#\*#URG#\*#000057177#

Total amount withdrawn from your account

000179

ALGONQUIN POWER SYSTEM INC.  
 2845 BRISTOL CIR  
 OAKVILLE, ON L6H 7H7

75485078751385796700079071222676568488148481484804800009317839



Vendor ID: 002BELMOB

Invoice#: 7517 DEC07

Dec. 22, 2007

Acc#: 502787517

APT	SPARE	CELLULER CHARGE		Phone #	Charge	GST	Total
		1100-9860 ops		289-259-4294			
		1100-9860 OPS	was Bob D's	416-452-8534	470.02	26.12	496.14
		1100-9860 OPS	was Ford S's	416-553-0448			
Louis	VanAmelsvoot	001 OPS	6-5150-0000-1	403-598-1643	61.96	3.74	65.70
Al	Walton	001 OPS	6-5150-0000-1	403-598-5889	96.25	5.76	102.01
Glen	Wilneff	001 OPS	6-5150-0000-1	403-598-6636	53.70	3.24	56.94
Janis	Valentine	1100-9810 ops		416-209-2619	189.15	10.52	199.67
Chris	Jarratt	1100-9860 ops		416-209-5924	306.91	17.04	323.95
				905-464-3602			
Dave	Kerr	1100-9860 ops		416-209-5926	291.01	16.17	307.18
				905-483-4569			
Ian	Robertson	1100-9860 ops		416-209-5999	506.10	28.13	534.23
				416-453-7618			
Ford	Scissons	1100-9850 ops		416-347-9155	11.17	0.63	11.80
Brian	Wong	9999 AAOH	6-5150-0000-1	416-575-9978	284.69	15.85	300.54
Tad	Lipowicz	1100-9850 LFG		416-427-9290	251.67	13.86	265.53
Dave	Willison	1100-9850 KMS		416-432-1137	11.18	0.63	11.81
Shane	Murphy	9999 AAOH	6-5150-0000-1	416-435-8581	436.17	24.22	460.39
Andy	Ling	1100-9850 ops		416-476-5330	270.55	15.02	285.57
				416-553-0432			
John	Huxley	1100-9860 ops		416-540-5177	182.70	10.14	192.84
Kelly	Castledine	1100-9870 OPS		416-576-8158	134.91	6.14	141.05
Arne	Kleppe	9999 NEWSOH	6-5150-0000-2	416-578-4173	114.16	6.34	120.50
Frank	Amaral	9999 KMSOH	6-5150-0000-1	416-605-3204	119.47	6.63	126.10
Gerald	Tremblay	1100-9820 ops		416-970-3145	70.33	3.92	74.25
Luisa	Paniconi	1100-9820 ops		416-988-0071	125.93	6.99	132.92
Denis	Ratte	400 OPS	6-5150-0000-1	418-563-1443	72.47	4.06	76.53
Maxime	Thibault	405	6-5150-0000-1	418-563-5191	72.40	4.01	76.41
Alain	Montambault	401/402 OPS	6-5150-0000-1	418-564-7263	65.64	3.68	69.32
Richard	Jordan	300 OPS	6-5150-0000-1	450-753-0309	179.10	9.94	189.04
Gino	Grenier	300/400 OPS	6-5150-0000-1	514-237-7157	125.33	6.96	132.29
Leonard	Fiola	302	6-5150-0000-1	514-246-3949	58.32	3.25	61.57
Johnny	Grimm	201 OPS	6-5150-0000-1	604-860-9068	61.74	3.45	65.19
Steve	Clarkson	201 OPS	6-5150-0000-1	604-860-9108	58.33	3.3	61.63
John	Vanberkel	204 ops	6-5150-0000-1	613-391-8718	57.70	3.22	60.92
Doug	Robertson	204 ops	6-5150-0000-1	613-921-0313	56.92	3.15	60.07
Gaitan	Mercier	APS		905-301-5587	114.08	6.35	120.43
David	Bronicheski	1100-9820 OPS		905-464-0056	237.21	13.18	250.39
				905-464-5978			
Bulmaro	Landa	APS		905-464-1338	114.16	6.34	120.50
Mike	Griffin	APS		905-464-1581	198.40	11.02	209.42
Dave	Ormsby	1100-9800 OPS		905-464-2057	144.52	8.05	152.57
Al	Cauwenbergs	APS		905-464-2102	186.74	10.37	197.11
Dave	Ross	APS		905-464-2725	124.93	6.94	131.87
General	(APS spare)	APS		905-464-4350	66.10	3.66	69.76
Armando	Sanchez	APS		905-464-4407	115.28	6.41	121.69
Homer	Lensink	APS		905-464-5616	434.17	24.12	458.29
Jim	Anderson	APS		905-464-6582	186.74	10.37	197.11
Dirk	Vanderform	APS		905-464-8892	114.16	6.34	120.50
Sean	Fairfield	APS		905-466-1360	83.06	4.61	87.67
Peter	Bulionis	KMSOH	6-5150-0000-1	905-467-9846	90.93	5.04	95.97
Dean	Comand	1100-9850 ops		905-516-0118	1694.17	89.13	1783.30
Brian	Mottershead	1100-9800 ops		905-520-5672	131.76	7.4	139.16
					8832.39	485.44	

TOTAL

485.44

9317.83







C	lies		
11	os	2-7142-0000-0000	216.92
11	ops	2-7142-0000-0000	144.62
11	9820-ops	2-7142-0000-0000	1,301.54
1100-9840-ops		2-7142-0000-0000	144.62
1100-9850-ops		2-7142-0000-0000	216.92
1100-9860-ops		2-7142-0000-0000	144.62 2,169.24

Software

1100-9820-ops		2-7125-0000-0000	-
1100-9800-ops		6-7200-0000-0000	138.78
1100-9810-ops		6-7200-0000-0000	92.52
1100-9820-ops		6-7200-0000-0000	832.67
1100-9840-ops		6-7200-0000-0000	92.52
1100-9850-ops		6-7200-0000-0000	138.78
1100-9860-ops		6-7200-0000-0000	92.52 1,387.79

1100-1-0000-73-7058-0000	Insurance	354.55
1100-1-0000-73-7060-0000	Great west life	9,006.54
1100-1-0000-50-7430-0000	LICENSE FEES	4,053.34
		32,557.14



**David Kerr**

**From:** Chris Ball [cball@corpfinance.ca]  
**Sent:** September 25, 2007 4:10 PM  
**To:** David Kerr  
**Subject:** leaf/raptors /Marlies invoice  
**Attachments:** LEAFS-RAPTORS SEASON SEAT BREAKDOWN 2007-8.doc

Hi Dave  
The tickets cost this year

Are as follows

Leafs 10prs tickets at 332.00=3320.00  
Raptors 2prs tickets at 367.00=734.00  
Marlies 20prs tickets at 50.60=1012.00  
Total= 5066.00

Thanks, I have already paid  
And are sorting the tickets tomorrow morning  
Kind Regards  
Chris B

**From:** Chris Ball  
**Sent:** September 25, 2007 3:57 PM  
**To:** Chris Ball  
**Subject:** LEAFS-RAPTORS SEASON SEAT BREAKDOWN 2007-8

cheque to  
Chris Ball

OK  
OK

1100 9860-OPS

2 - 7142-0000-0800

12/10/2007



## LEAFS/RAPTORS SEASON SEAT BREAKDOWN 2007/2008

### Leafs:

<b>Leafs Reds:</b> 45 games divided by 41 regular season games → each person receives 1 exhibition game at no cost	Ticket Price	\$11,880
<b>Leafs Air Canada Club:</b> Average cost is calculated by taking the total cost of the Leafs tickets, including Air Canada Club Fees & shipping, and dividing it by 3 (1/3 <sup>rd</sup> share of tickets)	Ticket Price + Club Fees = 17,010 + shipping = 17,016 (@ 1/3 share) ÷ Total = 5,670	\$14,400 + 2,610 17,010 + 6 17,016 ÷ 3 5,670
Overall: average cost per pair	41 13	\$11,880 + 5,670 17,550
<b>AVERAGE COST PER PAIR:</b>	÷ 53 games =	<b>\$332.00/pr.</b>

### Raptors:

<b>Raptors Air Canada Club:</b> Average cost is calculated by taking the total cost of the Raptors tickets including Air Canada Club Fees and shipping, and dividing it by 3 (1/3 <sup>rd</sup> share of tickets)	Ticket Price + Club Fees = 14,670 + shipping = 14,676	\$12060 + 2,610 14,670 + 6 14,676
<b>COST PER PAIR:</b>	÷ 40 games =	<b>\$367.00/pr.</b>



**EXPENSE REPORT**

1100-1860-005

Month Oct 06 to Jan 07 Part 1Name Chris Jarratt

Item	DESCRIPTION	Project	GL Acc	Amount
1	Accommodation	AMI General		539.18
2	Meal	AMI General		56.36
3	407 (50% charged)	AMI General		26.63
4	Meal	AMI General		80.93
5	G&M	AMI General		29.67
6	Meal	AMI General		54.00
7	Office Supplies	AMI General		47.63
8	Meal	AMI General		92.77
9	Meal	AMI General		49.83
10	Meal	AMI General		59.29
11	Accommodation	AMI General		354.82
12	Meal	AMI General		27.44
13	Meal	AMI General		96.28
14	407 (50% charged)	AMI General		7.85
15	Meal	AMI General		36.50
16	Meal	AMI General		164.51
17	Meal	AMI General		92.89
18	G&M	AMI General		29.67
19	Transportation	AMI General		318.53
20	Meal	AMI General		125.68
21	Rental Car	AMI General		338.76
22	Accommodation	AMI General		838.40
23	Meal	AMI General		286.00
24	Meal	AMI General		69.87
25	407 (50% charged)	AMI General		19.97
26	Meal	AMI General		49.09
27	Meal	AMI General		57.45
28	Meal	AMI General		40.74
SUBTOTAL				3990.73

FOR OFFICE USE ONLY					
GL ACC	PROJ	GROSS	GST	TOTAL	RESTRICTED
574					
529					
540					
534					
536					
568					
572					
530					
TOTAL		0.00	0.00	0.00	0.00

Parking 72.00

TOTAL See Sheet 2

Please attach all receipts

ERROR

FORM 9007B

GST Car Allowance  
 NOV 06-Dec 07 14 months  
 7000 6666.66  
 GST 333.33

Parking 8.19 Accom 40.36  
 Meals 73.47 Car Rental 18.33







**EXPENSE REPORT**Month Oct 06 to Jan 07 Part 2Name Chris Jarratt65T

Item	DESCRIPTION	Project	GL Acc	Amount
1	Nov 06 to Dec 07 Car	AMI General	333.33	7000.00
2	G&M	AMI General		29.67
3	Meal	AMI General		17.26
4	Accom	AMI General		504.37
5	Meal	AMI General		73.74
6	Meal	AMI General		81.85
7	Meal	AMI General		48.86
8	407 (50% charged)	AMI General		23.37
9	Meal	AMI General		52.87
10	Meal	AMI General		45.01
11	Meal	AMI General		31.00
12	Meal	AMI General		49.30
13	Meal	AMI General		37.60
14	Taxi	AMI General		73.00
15	G&M	AMI General		30.96
16	Meal	AMI General		155.59
17	Meal	AMI General		84.29
18	Meal	AMI General		43.05
19	Meal	AMI General		90.61
20	Meal	AMI General		39.14
21	Meal	AMI General		45.58
22	Meal	AMI General		55.01
23	407 (50% charged)	AMI General		16.00
24	G&M	AMI General		30.96
25	Meal	AMI General		39.63
26	407 (50% charged)	AMI General		10.83
27	Meal	AMI General		56.51
28	Meal	AMI General		53.14
			<b>SUBTOTAL</b>	<b>8819.19</b>

FOR OFFICE USE ONLY					
GL ACC	PROJ	GROSS	GST	TOTAL	RESTRICTED
574					
529					
540					
534					
536					
568					
572					
530					
<b>TOTAL</b>		0.00	0.00	0.00	0.00

Parking 

	0.00
--	------

**TOTAL** See Sheet 2

Please attach all receipts

ERROR

FORM 9107B



## Month Oct 06 to Jan 07 Part 2

Item	DESCRIPTION	Project	GL Acc	Amount
29	Meal	AMI General		41.00
30	Meal	AMI General		447.02
31	Meal	AMI General		249.87
32	Meal	AMI General		100.93
33	G&M	AMI General		30.96
34	407 (50% charged)	AMI General		20.56
35	Meal	AMI General		36.40
36	Meal	AMI General		60.30
37	Meal	AMI General		60.84
38	Meal	AMI General		85.35
39	Meal	AMI General		33.58
40	Meal	AMI General		67.73
41	Meal	AMI General		27.96
42	Meal	AMI General		36.13
43	Meal	AMI General		30.96
44	Meal	AMI General		71.25
45	407 (50% charged)	AMI General		63.03
46	Meal	AMI General		309.04
47	Rental Car	AMI General		202.95
48	Accomodation	AMI General		137.03
49	Meal	AMI General		42.34
50	Meal	AMI General		56.39
51	Meal	AMI General		123.19
52	407 (50% charged)	AMI General		30.21
52	Meal	AMI General		54.28
53	Meal	AMI General		39.45
54	Meal	AMI General		67.84
55	Meal	AMI General		36.48
<b>SUBTOTAL</b>				<b>2563.06</b>

[illegible]

Total km		
@ 0.26 \$/km		
<b>TOTAL</b>		11382.25

Please attach all receipts

FORM 9107



**EXPENSE REPORT**Month Oct 06 to Jan 07 Part 3Name Chris Jarratt

Item	DESCRIPTION	Project	GL Acc	Amount
1	Meal	AMI General		73.69
2	Rental Car	AMI General		95.36
3	Meal	AMI General		61.46
4	Meal	AMI General		78.21
5	Meal	AMI General		36.18
6	G&M	AMI General		30.96
7	407 (50% charged)	AMI General		3.95
8	Meal	AMI General		41.38
9	Meal	AMI General		57.02
10	Meal	AMI General		73.46
11	Office Supplies	AMI General		160.62
12	Meal	AMI General		53.51
13	Meal	AMI General		44.45
14	Meal	AMI General		205.92
15	G&M	AMI General		30.96
16	Meal	AMI General		65.39
17	Meal	AMI General		37.49
18	Courier	AMI General		14.29
19	407 (50% charged)	AMI General		61.68
20	Meal	AMI General		51.08
21	MedCan	AMI General		2114.70
22	Meal	AMI General		39.38
23	Accommodation	AMI General		1094.72
24	Credit Card Fee	AMI General		120.00
25	Meal	AMI General		342.50
26	Meal	AMI General		154.05
27	Health Insurance	AMI General		6063.17
28	Meal	AMI General		57.65
SUBTOTAL				11263.22

FOR OFFICE USE ONLY					
GL ACC	PROJ	GROSS	GST	TOTAL	RESTRICTED
574					
529					
540					
534					
536					
568					
572					
530					
TOTAL		0.00	0.00	0.00	0.00

Parking 

	39.00
--	-------

TOTAL See Sheet 2

Please attach all receipts

ERROR

FORM 9107B

Bill to APMI Health Insurance  
8,177.87







## EXPENSE REPORT

**Month Oct 06 to Jan 07 Part 4**

**Name** Chris Jarratt

[illegible]

SUBTOTAL	9273.15
----------	---------

FOR OFFICE USE ONLY					
GL ACC	PROJ	GROSS	GST	TOTAL	RESTRICTED
574					
529					
540					
534					
536					
568					
572					
530					
<b>TOTAL</b>		0.00	0.00	0.00	0.00

Parking		302.75
---------	--	--------

<b>TOTAL</b>	9575.90
--------------	---------

Please attach all receipts

## ERROR

FORM 9107B







# Advanced Sale

Invoice : 168739 Customer No: 100031

**BILL TO:** CHRIS JARRATT  
144 ROBINSON STREET  
OAKVILLE, ONTARIO L6J 6K8,  
Phone: NA

**SHIP TO:** CHRIS JARRATT  
144 ROBINSON STREET  
OAKVILLE, ONTARIO L6J 6K8,  
NA

<b>Salesperson:</b>	ARTHUR	American Express	<b>Date of Order:</b>	9/11/2007
<b>Payment Method:</b>	Credit Card			
<b>Credit Card:</b>	*****1001	<b>Exp:</b> 03/10	<b>Shipping:</b>	Courier
<b>Instructions:</b>				

Date	Event	Instructions/Comments	Qty	PRICE
2/3/2008	Super Bowl XLII University of Phoenix Stadium (NFL)	BETWEEN SECTIONS 419-437-406-450	2	\$3,500.00

147332

Amount	Type
7,000.00	Credit Card
7,000.00	Invoice Total
7,000.00	Payments
0.00	

Sub Total  
Tax  
Shipping  
Total Amount

\$7,000.00
\$0.00
\$0.00
\$7,000.00





# CIBC Aerogold® Visa\*

## Your account at a glance

Previous balance		\$6,345.87
Payments	\$0.00	
Other credits	0.00	
Total credits		+ \$0.00
Purchases	15,558.04	
Cash advances	0.00	
Interest	271.71	
Fees	0.00	
Total charges		+ \$15,829.75
New balance		= \$22,175.62

## Your payment due

▼ Your account is past due. As a result, your payment consists of the following two amounts that are due at different times.

1. Amount past due	\$133.00
Please pay this amount immediately	
2. Current month's minimum payment	+ \$465.00
Please pay this amount by Jan 17, 2008	
Your total payment due	= \$598.00

## CHRIS K JARRATT

Account number  
4500 6001 0138 5411

December statement period  
November 23 to December 22, 2007

## Contact us

Inquiries 1-800-465-4653  
Lost/Stolen 1-800-663-4575  
Fax 1-800-897-0551  
TTY 1-877-331-3338  
Write PO BOX 4058, STN A  
Toronto ON M5W 1L8

## Credit summary

Your credit limit \$32,000.00  
Your available credit \$9,824.38

## Interest rates

	Annual	Daily
Regular purchases	19.50%	0.05342%
Cash advances	19.50%	0.05342%

## Aeroplan® Miles summary

### This statement

Earned on net card purchases + 15559  
Total Aeroplan Miles sent to = 15559  
Aeroplan acct 515 414 886



Tear Off here

Please turn over - Transactions begin on page 2

Page 1 of 4

## CIBC Aerogold Visa

### Payment options

- Online Banking: www.cibc.com
  - Telephone Banking: 1-800-465-CIBC (2422)
  - CIBC bank machines and most financial institutions
  - Mail: Return completed slip with your cheque or money order payable to CIBC.
- For general inquiries call 1-800-465-4653.

Account number 4500 6001 0138 5411

New balance \$22,175.62

▼ Amount due immediately \$133.00

Current month's minimum  
payment due by  
Jan 17, 2008 \$465.00

Your total payment due \$598.00

Total payment enclosed \$

000251 14(Y)  
CHRIS K JARRATT  
144 ROBINSON ST  
OAKVILLE ON L6J 6K8

062248

CIBC  
PO BOX 4595, STN A  
TORONTO ON M5W 4X9

00004500600101385411000000221756200000000465003



# Transactions from November 23 to December 22, 2007

## Your interest

Trans date	Post date	Description	Annual interest rate	Amount(\$)
Dec 22	Dec 22	REGULAR PURCHASES	19.50%	271.71
Total interest this period				\$271.71

## Your new charges and credits

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
Nov 21	Nov 23	JENSEN & SONS TIRE SERVICE OAKVILLE ON	Transportation	228.00
Nov 22	Nov 23	BLACK'S #024 MISSISSAUGA ON	Retail and Grocery	706.77
Nov 22	Nov 26	ESSO 345 SPEERS RD OAKVILLE ON	Transportation	50.04
Nov 23	Nov 26	HALTON CHIROPRACTIC CLINIC OAKVILLE ON	Health and Education	75.00
Nov 23	Nov 27	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	32.58
Nov 24	Nov 26	MAPLEGROVE HM HWR #1260-90 OAKVILLE ON	Home and Office Improvement	30.66
Nov 25	Nov 27	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	58.03
Nov 25	Nov 28	FUSION RESTAURANT CONCEPTEIRIN ON	Restaurants	100.56
Nov 26	Nov 27	THE MERCHANT OF TENNIS OAKVILLE ON	Hotel, Entertainment and Recreation	95.75
Nov 27	Nov 28	SWISS CHALET OAKVILLE ON	Restaurants	39.69
Nov 27	Nov 29	MONTFORT (OAKVILLE) LTD OAKVILLE ON	Restaurants	55.40
Nov 28	Nov 29	HOSP FOR SICK CHILDREN FDTORONTO ON	Personal and Household Expenses	100.00
Nov 29	Nov 30	MARK'S WORK WEARHOUSE#168 OAKVILLE ON	Retail and Grocery	116.23
Nov 29	Dec 03	THE GLOBE AND MAIL TORONTO ON	Professional and Financial Services	30.96
Nov 30	Dec 03	GEORGIA HARDY TOURS TORONTO ON	Retail and Grocery	10,205.00
Nov 30	Dec 04	AIR CANADA 0142152439745 WINNIPEG MB	Transportation	244.50
Nov 30	Dec 04	AIR CANADA 0142152439746 WINNIPEG MB	Transportation	244.50
Dec 01	Dec 03	407ETR WOODBRIDGE ON	Personal and Household Expenses	43.10
Dec 01	Dec 03	J.L'S HOME HWRE #1527-5 GUELPH ON	Home and Office Improvement	34.38
Dec 01	Dec 04	ESSO 227 BROCK RD. ABERFOYLE ON	Transportation	44.61
Dec 01	Dec 04	AIR CANADA 0140515414886 WINNIPEG MB	Transportation	31.80
Dec 01	Dec 04	AIR CANADA 0140515414886 WINNIPEG MB	Transportation	31.80
Dec 03	Dec 05	THE HOME DEPOT #7157 OAKVILLE ON	Home and Office Improvement	106.50
Dec 04	Dec 05	BOSTON PIZZA #444 OAKVILLE ON	Restaurants	45.44
Dec 04	Dec 05	CHAPTERS #765# OAKVILLE ON	Retail and Grocery	78.65
Dec 04	Dec 06	THE HOME DEPOT #7003 OAKVILLE ON	Home and Office Improvement	55.23

Page 2 of 4

## Information about your CIBC Aerogold Visa account

If you find an error in this statement you must tell us within 30 days of the last day of the statement period shown on the front of this statement. If you do not, we may regard this statement as final (except for credits which have been posted in error).

**How we charge interest:** a) On purchases: For non-Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance by the payment due date and we have received payment for the full Balance shown on your previous monthly statement by the payment due date. For Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance on this statement by the payment due date. Regardless of residency, if interest is charged on a New Purchase, it will be charged from the transaction date until we receive a payment which covers the New Purchase.

b) On Cash Advances, Convenience Cheques and Balance Transfers: Interest is charged on Cash Advances beginning on the day they are taken. For Balance Transfers and Convenience Cheques, interest is charged beginning on the day these are posted to your Visa Account. We stop charging interest on Cash Advances, Balance Transfers and Convenience Cheques on the day we receive a payment which covers the amount of the transaction in question in accordance with the Cardholder Agreement.

**Payment period extensions:** If we did not receive full payment of the Balance on your last monthly statement, your payment due date was automatically extended this month by 5 days to give you extra time to make your payment. Interest will continue to accrue for the extended period. When we receive your full Balance, your payment due date will change back to your regular payment due date.

\*\*Foreign currency transactions are charged the same conversion rate CIBC is required to pay plus an administration fee of 2.5% of the converted amount. This fee applies to both credits and debits.

For more information, please refer to the CIBC Visa Cardholder Agreement.

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Prepared for: CHRIS K JARRATT November 23 to December 22, 2007 Account number: 4500 6001 0138 5411

### Your new charges and credits (continued)










Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
Dec 05	Dec 10	ALICE FAZOLI'S OAKVILLE OAKVILLE ON	Restaurants	92.22
Dec 07	Dec 10	HALTON CHIROPRACTIC CLINIC OAKVILLE ON	Health and Education	33.00
Dec 07	Dec 10	SENATOR RESTAURANT LTD TORONTO ON	Restaurants	124.88
Dec 07	Dec 10	TONY ROMA'S RESTAURANT MISSISSAUGA ON	Restaurants	50.38
Dec 07	Dec 11	PETROCAN 497 MAPLEGROVE DOAKVILLE ON	Transportation	66.01
Dec 08	Dec 10	HILLSBURGH FOODLAND HILLSBURGH ON	Retail and Grocery	87.52
Dec 08	Dec 10	MCKINNON TIM-BR MART#256 HILLSBURGH ON	Home and Office Improvement	42.72
Dec 09	Dec 11	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	38.48
Dec 10	Dec 11	SWISS CHALET OAKVILLE ON	Restaurants	59.99
Dec 12	Dec 13	JACK ASTOR'S VEGA BLVD MISSISSAUGA ON	Restaurants	76.13
Dec 12	Dec 14	ESSO 345 SPEERS RD OAKVILLE ON	Transportation	49.97
Dec 13	Dec 14	ASHOT'S SMALL ENGINE SER MISSISSAUGA ON	Home and Office Improvement	68.35
Dec 13	Dec 17	STARBUCKS CAN 00042291 OAKVILLE ON	Restaurants	50.00
Dec 13	Dec 17	DAI ICHI SUSHI 2 MISSISSAUGA ON	Restaurants	47.84
Dec 14	Dec 18	TILLEY ENDURABLES INC (MATORONTO ON	Retail and Grocery	137.37
Dec 15	Dec 17	INDIGO ONLINE INDIGO.CA ON	Retail and Grocery	30.70
Dec 15	Dec 17	GRINDSTONE ANGLING WATERDOWN ON	Hotel, Entertainment and Recreation	55.69
Dec 15	Dec 17	PICTURE SHOP & MORE OAKVILLE ON	Retail and Grocery	65.17
Dec 15	Dec 18	ESSO 640 MARTIN ST MILTON ON	Transportation	36.52
Dec 15	Dec 18	CDN TIRE STORE #00241 MISSISSAUGA ON	Home and Office Improvement	26.20
Dec 15	Dec 19	LCBO/RAO #0371 MISSISSAUGA ON	Retail and Grocery	54.20
Dec 15	Dec 19	MYE JAPANESE RESTAURANT OAKVILLE ON	Restaurants	145.43
Dec 17	Dec 18	THE APRICOT TREE MISSISSAUGA ON	Restaurants	135.04
Dec 17	Dec 18	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	211.05
Dec 17	Dec 18	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	303.41
Dec 17	Dec 18	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	287.02
Dec 18	Dec 20	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	49.97
Dec 19	Dec 21	HENRY'S (OAKVILLE) OAKVILLE ON	Retail and Grocery	44.43
Dec 19	Dec 21	ESSO 240 N.SERVICE ROAD WOAKVILLE ON	Transportation	24.76
Dec 20	Dec 21	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	178.41
Total for 4500 6001 0138 5411				\$15,558.04



\*0202371120\*



## CIBC CreditSmart™ Spend Report

Spend Categories	This month				Year-to-date	
	Transactions	Amount(\$)	Budget (\$)	Difference (\$)	Transactions	Amount (\$)
 Personal and Household Expenses	3	321.51	-	-	38	5,244.03
 Professional and Financial Services	4	832.44	-	-	52	10,981.55
 Retail and Grocery	10	11,526.04	-	-	62	24,295.50
 Transportation	15	1,231.57	-	-	171	17,755.33
 Hotel, Entertainment and Recreation	2	151.44	-	-	47	8,945.76
 Restaurants	13	1,023.00	-	-	106	7,856.28
 Home and Office Improvement	7	364.04	-	-	67	10,015.42
 Health and Education	2	108.00	-	-	34	8,830.21
 Foreign Currency Transactions	0	0.00	-	-	46	20,173.97
<b>Total</b>	<b>56</b>	<b>15,558.04</b>			<b>623</b>	<b>\$114,098.05</b>

Transactions are assigned a spend category based on where the goods or services are purchased, not on what was purchased. For example, items purchased at a convenience store in a gas station will appear under Transportation, not Retail and Grocery.

A negative difference (-) means you spent more than you budgeted.

	Amount(\$)	Budget (\$)	Difference (\$)
 <b>Total Monthly Budget</b>	15,558.04	-	-

## Your message centre

Our records indicate that we did not receive your payment when this statement was prepared. Kindly remit your payment today to ensure you have continued access to credit. If you have any questions, please contact us at 1-800-465-4653.

We at CIBC VISA would like to take this opportunity to thank you for your business and wish you a safe and Happy Holiday season.

Entertainment shopping at its best at the new HMV.ca which now has the VERIFIED BY VISA service, a more secure way to shop online. Sign up your VISA card today - it's easy and it's free - and shop with confidence at [www.HMV.ca](http://www.HMV.ca). For more information, visit [www.visa.ca/verified](http://www.visa.ca/verified).

As a CIBC VISA cardholder you are eligible to receive free personalized CIBC Convenience Cheques for all your spending needs. For details please call 1-800-465-4653. CIBC VISA, more than just a credit card.





# CIBC Aerogold® Visa\*

## Your account at a glance

<b>Previous balance</b>		<b>\$12,802.48</b>
Payments	\$12,802.48	
Other credits	0.00	
<b>Total credits</b>		<b>\$12,802.48</b>
Purchases	5,968.58	
Cash advances	0.00	
Interest	377.29	
Fees	0.00	
<b>Total charges</b>		<b>\$6,345.87</b>
<b>New balance</b>		<b>\$6,345.87</b>

## Your payment due

<b>Current month's minimum payment</b>	<b>\$133.00</b>
Please pay this amount by <b>Dec 18, 2007</b>	

## CIBC CreditSmart

Stay on top of your budget with the CIBC CreditSmart Spend Report. Go online and set budgets for up to 10 spend categories or for the total amount you want to spend on your CIBC VISA account each month and choose to be sent an alert when you exceed your budget. Visit [www.cibccreditsmart.com](http://www.cibccreditsmart.com) to learn more.

## CHRIS K JARRATT

### Account number

4500 6001 0138 5411

### November statement period

October 23 to November 22, 2007

### Contact us

Inquiries 1-800-465-4653  
 Lost/Stolen 1-800-663-4575  
 Fax 1-800-897-0551  
 TTY 1-877-331-3338  
 Write PO BOX 4058, STN A  
 Toronto ON M5W 1L8

## Credit summary

Your credit limit	\$32,000.00
Your available credit	\$25,654.13

## Interest rates

	Annual	Daily
Regular purchases	19.50%	0.05342%
Cash advances	19.50%	0.05342%

## Aeroplan® Miles summary

### This statement

Earned on net card purchases	+	5969
<b>Total Aeroplan Miles sent to</b>	<b>=</b>	<b>5969</b>
Aeroplan acct 515 414 886		



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Please turn over - Transactions begin on page 2

Page 1 of 4

## CIBC Aerogold Visa

### Payment options

- Online Banking: [www.cibc.com](http://www.cibc.com)
  - Telephone Banking: 1-800-465-CIBC (2422)
  - CIBC bank machines and most financial institutions
  - Mail: Return completed slip with your cheque or money order payable to CIBC.
- For general inquiries call 1-800-465-4653.

Account number	4500 6001 0138 5411
New balance	\$6,345.87
Current month's minimum payment due by	
<b>Dec 18, 2007</b>	<b>\$133.00</b>
Total payment enclosed	\$

000427 14(L)  
 CHRIS K JARRATT  
 144 ROBINSON ST  
 OAKVILLE ON L6J 6K8

091060

CIBC  
 PO BOX 4595, STN A  
 TORONTO ON M5W 4X9

00004500600101385411000000063458700000000133006



# Transactions from October 23 to November 22, 2007

## Your payments

Trans date	Post date	Description	Amount(\$)
Nov 16	Nov 19	ROYAL BANK OF CANADA TORONTO	12,802.48
Total payments			\$12,802.48

## Your interest

Trans date	Post date	Description	Annual interest rate	Amount(\$)
Nov 22	Nov 22	REGULAR PURCHASES	19.50%	377.29
Total interest this period				\$377.29

## Your new charges and credits

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
Oct 21	Oct 23	ESSO 332 STEELES AVE E HORNBY ON	Transportation	54.82
Oct 21	Oct 24	CRAZEE'S AT 282 ERIN ON	Restaurants	95.09
Oct 23	Oct 24	THE MERCHANT OF TENNIS OAKVILLE ON	Hotel, Entertainment and Recreation	162.34
Oct 23	Oct 25	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	49.96
Oct 24	Oct 25	HALTON CHIROPRACTIC CLINIC OAKVILLE ON	Health and Education	75.00
Oct 24	Oct 25	THE KEG YORK STREET TORONTO ON	Restaurants	84.33
Oct 26	Oct 29	JACK ASTOR'S VEGA BLVD MISSISSAUGA ON	Restaurants	48.57
Oct 27	Oct 29	RISTORANTE PARADISO OAKVILLE ON	Restaurants	184.05
Oct 27	Oct 31	LCBO/RAO #0365 OAKVILLE ON	Retail and Grocery	82.50
Oct 28	Oct 30	STARBUCKS CAN 00044305 OAKVILLE ON	Restaurants	11.57
Oct 28	Oct 30	ESSO 305 DUNDAS ST. W OAKVILLE ON	Transportation	65.00
Oct 29	Oct 30	STAPLES STORE #78 OAKVILLE ON	Retail and Grocery	75.63
Oct 29	Oct 31	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	42.24
Oct 31	Nov 01	PLAY IT AGAIN SPORTS MISSISSAUGA ON	Hotel, Entertainment and Recreation	234.81
Oct 31	Nov 02	THE GLOBE AND MAIL TORONTO ON	Professional and Financial Services	30.96
Nov 01	Nov 02	407ETR WOODBRIDGE ON	Personal and Household Expenses	30.23
Nov 01	Nov 05	MONTFORT (OAKVILLE) LTD OAKVILLE ON	Restaurants	56.00
Nov 03	Nov 06	ESSO 332 STEELES AVE E HORNBY ON	Transportation	60.35
Nov 05	Nov 06	SWISS CHALET OAKVILLE ON	Restaurants	40.83
Nov 05	Nov 06	NEUCHATEL JUNIOR COLLEGE TORONTO ON	Health and Education	1,210.00
Nov 05	Nov 06	ED STEWART'S GARAGE EQUIPERIN ON	Transportation	134.39

Page 2 of 4

## Information about your CIBC Aerogold Visa account

If you find an error in this statement you must tell us within 30 days of the last day of the statement period shown on the front of this statement. If you do not, we may regard this statement as final (except for credits which have been posted in error).

**How we charge interest:** a) On purchases: For non-Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance by the payment due date and we have received payment for the full Balance shown on your previous monthly statement by the payment due date. For Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance on this statement by the payment due date. Regardless of residency, if interest is charged on a New Purchase, it will be charged from the transaction date until we receive a payment which covers the New Purchase.

b) On Cash Advances, Convenience Cheques and Balance Transfers: Interest is charged on Cash Advances beginning on the day they are taken. For Balance Transfers and Convenience Cheques, interest is charged beginning on the day these are posted to your Visa Account. We stop charging interest on Cash Advances, Balance Transfers and Convenience Cheques on the day we receive a payment which covers the amount of the transaction in question in accordance with the Cardholder Agreement.

**Payment period extensions:** If we did not receive full payment of the Balance on your last monthly statement, your payment due date was automatically extended this month by 5 days to give you extra time to make your payment. Interest will continue to accrue for the extended period. When we receive your full Balance, your payment due date will change back to your regular payment due date.

\*\* Foreign currency transactions are charged the same conversion rate CIBC is required to pay plus an administration fee of 2.5% of the converted amount. This fee applies to both credits and debits.

For more information, please refer to the CIBC Visa Cardholder Agreement.

\* Visa Int./CIBC and Aeroplan LP, LLC users

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Prepared for: CHRIS K JARRATT October 23 to November 22, 2007 Account number: 4500 6001 0138 5411

## Your new charges and credits (continued)

Trans date	Post date	Description	Spend Categories	Amount(\$)
<b>Card number 4500 6001 0138 5411</b>				
Nov 05	Nov 07	ESSO 2688 DUNDAS ST. W. MISSISSAUGA ON	Transportation	6.96
Nov 07	Nov 09	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	59.58
Nov 09	Nov 13	JACK ASTOR'S VEGA BLVD MISSISSAUGA ON	Restaurants	49.57
Nov 09	Nov 13	BATON ROUGE RESTAURANT OAOAKVILLE ON	Restaurants	63.01
Nov 11	Nov 13	WEST MARINE 3908 OAKVILLE ON	Transportation	34.19
Nov 12	Nov 14	JENSEN & SONS TIRE SERVIC OAKVILLE ON	Transportation	1,406.31
Nov 12	Nov 14	ESSO 2688 DUNDAS ST. W. MISSISSAUGA ON	Transportation	50.03
Nov 13	Nov 15	ST LOUIS BAR AND GRILL OAKVILLE ON	Restaurants	41.65
Nov 13	Nov 19	ALICE FAZOLI'S OAKVILLE OAKVILLE ON	Restaurants	47.60
Nov 15	Nov 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	287.02
Nov 15	Nov 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	211.05
Nov 15	Nov 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	303.41
Nov 17	Nov 19	MUNDELL LBR CO 1081-9 ERIN ON	Home and Office Improvement	57.82
Nov 17	Nov 20	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	67.63
Nov 18	Nov 20	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	58.85
Nov 18	Nov 21	LCBO/RAO #0365 OAKVILLE ON	Retail and Grocery	43.70
Nov 19	Nov 20	BEST BUY CANADA #930 OAKVILLE ON	Home and Office Improvement	227.99
Nov 20	Nov 21	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	123.54
<b>Total for 4500 6001 0138 5411</b>				<b>\$5,968.58</b>

## CIBC CreditSmart™ Spend Report

Spend Categories	This month				Year-to-date	
	Transactions	Amount(\$)	Budget (\$)	Difference (\$)	Transactions	Amount (\$)
Personal and Household Expenses	2	153.77	-	-	35	4,922.52
Professional and Financial Services	4	832.44	-	-	48	10,149.11
Retail and Grocery	3	201.83	-	-	52	12,769.46
Transportation	13	2,090.31	-	-	156	16,523.76
Hotel, Entertainment and Recreation	2	397.15	-	-	45	8,794.32
Restaurants	11	722.27	-	-	93	6,833.28
Home and Office Improvement	2	285.81	-	-	60	9,651.38
Health and Education	2	1,285.00	-	-	32	8,722.21
Foreign Currency Transactions	0	0.00	-	-	46	20,173.97
<b>Total</b>	<b>39</b>	<b>5,968.58</b>			<b>567</b>	<b>\$98,540.01</b>

Transactions are assigned a spend category based on where the goods or services are purchased, not on what was purchased. For example, items purchased at a convenience store in a gas station will appear under Transportation, not Retail and Grocery.

A negative difference (-) means you spent more than you budgeted.

	Amount(\$)	Budget (\$)	Difference (\$)
<b>Total Monthly Budget</b>	5,968.58	-	-



## Your message centre

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Time is running out! Set up any CIBC CreditSmart feature from now until Dec 31, 2007 for your final chance to win the grand prize! No purchase necessary. Odds of winning depend on total eligible entries received. Skill-testing question required. For details, visit [www.cibccards.com/10000contestrules](http://www.cibccards.com/10000contestrules).

In the "VISA Win What You Buy" holiday contest for November & December, your monthly VISA purchases to a maximum of \$100,000 could be Free. There is a winner for every day of the contest. No purchase necessary. Call 1-866-800-4601 for full contest details or visit [www.visawinwhatyoubuy.ca](http://www.visawinwhatyoubuy.ca)





12 (A) 00227  
CHRIS K JARRATT  
123 MORRISON RD  
OAKVILLE ON L6J 4J3

052993

## Aerogold® VISA\*

Statement from  
Sep 23 to Oct 22, 2006

Account number  
4500 6200 0031 1425

## Questions? Moving?

Call 1-800-465-4653  
Fax 1-800-897-0551  
TTY 1-877-331-3338  
Write PO BOX 4058, STN A  
Toronto ON M5W 1L8

## Lost or stolen card?

Call 1-800-663-4575

## Account summary

Previous balance		\$8,899.14
Payments	\$8,899.14	
Other credits	81.19	
Total credits		8,980.33
Purchases	5,978.56	
Cash advances	0.00	
Other charges	0.00	
Interest	0.00	
Total debits		+ 5,978.56
New balance		= 5,897.37

## Minimum payment due

Please pay the current amount due by Nov 8 176.00  
Total minimum payment due = \$176.00

## Credit limit

Total credit limit \$30,000.00  
Available credit \$24,102.00

## Interest rates

	Annual	Daily
Purchases	19.50 %	0.05342 %
Cash advances	19.50 %	0.05342 %

## Aeroplan® Miles summary

This statement  
Earned on net card purchases + 5917  
Total Aeroplan Miles sent = 5917  
Aeroplan acct 515 414 886

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## CIBC Aerogold® VISA\*

CHRIS K JARRATT  
123 MORRISON RD  
OAKVILLE ON L6J 4J3

Account number 4500 6200 0031 1425  
New balance \$5,897.37  
Payment due immediately \$0.00  
Current amount due by Nov 8 \$176.00  
Payment amount \$

## Payment options

- Online Banking: [www.cibc.com](http://www.cibc.com)
- Telephone Banking: 1-800-465-CIBC (2422)
- CIBC bank machines and most financial institutions
- Mail: Return completed slip with your cheque or money order payable to CIBC Credit Card Services.

For general inquiries call 1-800-465-4653

CIBC  
PO BOX 4595 STN A  
TORONTO ON M5W 4X9

00004500620000311425000000058973700000000176008





## Transaction details

Card number 4500 6200 0031 1425

Trans date	Post date	Description	Amount (\$)
SEP 22	SEP 25	BURROWS CLOTHIERS OAKVILLE ON	513.00
SEP 21	SEP 25	FOUR SEASONS HOTEL VANCOUVER BC	539.18
SEP 24	SEP 25	BISTRO RIVIERE FRIN ON	97.33
SEP 24	SEP 25	MUNDELL LBR CO 1081-9 ERIN ON	17.63
SEP 22	SEP 26	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	29.99
SEP 25	SEP 26	SWISS CHALET OAKVILLE ON	56.36
SEP 30	OCT 2	MAPLEGROVE HM HWR #1260-9 OAKVILLE ON	47.34
SEP 30	OCT 2	THE MERCHANT OF TENNIS OAKVILLE ON	209.19
SEP 30	OCT 2	RONA LANSING #55070 OAKVILLE ON	30.38
OCT 1	OCT 2	407EIR WOODBRIDGE ON	53.25
SEP 29	OCT 3	ESSO 345 SPEERS RD OAKVILLE ON	41.89
SEP 29	OCT 3	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	59.11
OCT 2	OCT 3	APPLEWOOD CHEVROLET OAKVILLE ON	166.73
OCT 2	OCT 4	12294 ONTARIO BADMINTON 1888-955-5455BC	47.00
OCT 2	OCT 4	12294 ONTARIO BADMINTON 1888-955-5455BC	47.00
OCT 3	OCT 5	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	28.01
OCT 4	OCT 5	HALTON CHIROPRACTIC CLINIC OAKVILLE ON	141.00
OCT 4	OCT 6	ESSO 4011 DIXIE RD. MISSISSAUGA ON	25.88
OCT 5	OCT 6	WHAT'S COOKIN' ERIN ON	47.04
OCT 5	OCT 10	THE VILLAGE GREEN ERIN ON	51.30
OCT 6	OCT 10	HILLSBURGH FOODLAND HILLSBURGH ON	104.54
OCT 6	OCT 10	WHAT'S COOKIN' ERIN ON	59.90
OCT 6	OCT 10	MUNDELL LBR CO 1081-9 ERIN ON	22.08
OCT 6	OCT 11	ESSO 61 MAIN STREET ERIN ON	80.55
OCT 7	OCT 11	ESSO 332 STEELES AVE E HORNBY ON	52.67
OCT 6	OCT 11	SEARS CDA GUELPH GUELPH ON	114.91
OCT 10	OCT 12	12294 ONTARIO BADMINTON 1888-955-5455BC	-47.00
OCT 13	OCT 16	ROYAL FORD VETERINARY HOS OAKVILLE ON	53.32
OCT 14	OCT 16	COSTA BLANCA #219 OAKVILLE ON	80.93
OCT 14	OCT 16	WENDY BARBER OPTIQUE POINTE CLAIRE QC	139.90
OCT 14	OCT 16	LAURA PETITES #442 OAKVILLE ON	41.04

Continued on next page

## Aerogold VISA

## Account number

4500 6200 0031 1425

If you find an error in this statement you must tell us within 30 days after the statement date. If you do not, the statement will be regarded as final (except for improper credits). The statement date is the closing date of the statement period shown on the front.

## How we apply your payments

We apply your payments to your Aerogold VISA account in the following order: (a) interest; (b) fees (shown as "Other Charges" on this statement); (c) Previously Billed items in the following order: (i) Balance Transfers, (ii) Cash Advances, (iii) Purchase Promotions, (iv) Purchases (d) items on this statement in the same order as Previously Billed items. Credit balances are applied to Unbilled items in the order in which they are posted. Within each category of items referred to in (c) and (d) where there are multiple transactions, the payment will be applied to those items which bear interest at the lowest rate first.

## How we charge interest

To calculate interest, the daily interest rate displayed on the front of this statement is multiplied by the interest-bearing balance at the end of each day.

If there are different daily rates, each rate is multiplied by the portion of the interest-bearing balance to which it applies.

**a) On purchases:** For non-Quebec residents, no interest is charged on a new purchase if you pay your new balance in full by the payment due date and you have paid the full balance shown on your previous monthly statement by the payment due date. For Quebec residents, no interest is charged on a new purchase if you pay your new balance in full by the payment due date. For residents of all provinces and territories, if interest is charged on purchases, it will be charged retroactively from the transaction date until you pay all of your new balance and the interest.

**b) On cash advances (including Aerogold VISA Convenience Cheques and balance transfers):** We charge interest on a cash advance from the day you receive the advance until you make a payment which covers the amount of the advance and the interest charged on that advance. We charge interest on an Aerogold VISA Convenience Cheque or balance transfer from the date we post it to your Aerogold VISA account until you make a payment which covers the amount of the cheque or balance transfer and the interest charged on that cheque or balance transfer.

## Minimum payment due

Your current amount due is 3% of your new balance or \$50, whichever is greater. This amount must be paid by the payment due date.

**Payment period extensions:** If you did not make full payment of the balance on your last month's statement, your payment due date was extended this month by 3 days to give you extra time to make your payment. Interest will continue to accrue for the extended period. When you pay your balance in full, your payment due date will revert back to your regular payment due date.

## Available credit

This section shows the credit you had available at the end of the statement period, and does not reflect transactions you've made since this statement was issued.

\*\*Denotes transaction in foreign currency. You have been charged the same conversion rate CIBC is required to pay, plus an administration fee of 2.5% of the converted amount. This fee applies to both debits and credits.

\* Visa Int./CIBC, Air Canada, Inc. users

® Aerogold and Aeroplan are registered trade-marks of Air Canada  
CIBC is an authorized licensee of the marks





Aerogold VISA

 Account number  
 4500 6200 0031 1425

## Transaction details (continued)

Card number 4500 6200 0031 1425(continued)

Trans date	Post date	Description	Amount (\$)
OCT 14	OCT 16	SLEEP COUNTRY CANADA #32#OAKVILLE ON	1,081.26
OCT 14	OCT 16	SHOPPERS DRUG MARTO695 CLARKSON ON	98.20
OCT 13	OCT 17	BRAFASCO/OAKVILLE OAKVILLE ON	443.46
OCT 14	OCT 17	THE GLOBE AND MAIL TORONTO ON	29.67 —
OCT 15	OCT 17	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	51.16
OCT 13	OCT 17	ESSO 562 TRAFALGAR RD. OAKVILLE ON	10.23
OCT 14	OCT 17	ESSO 1765 LAKESHORE RD. MISSISSAUGA ON	35.80
OCT 14	OCT 17	CDN TIRE STORE #00241 MISSISSAUGA ON	46.59
OCT 16	OCT 17	SWISS CHALET OAKVILLE ON	54.00 —
OCT 16	OCT 17	STAPLES STORE #78 OAKVILLE ON	47.63 —
OCT 16	OCT 17	CHUBB INS CO OF CANADA TORONTO ON	323.21
OCT 16	OCT 17	CHUBB INS CO OF CANADA TORONTO ON	304.98
OCT 16	OCT 17	CHUBB INS CO OF CANADA TORONTO ON	290.34
OCT 14	OCT 18	THAI CHEF RESTAURANT OAKVILLE ON	92.77 —
OCT 16	OCT 18	CDN TIRE STORE #00241 MISSISSAUGA ON	-34.19
OCT 18	OCT 19	STARBUCKS CAN 00044305 OAKVILLE ON	7.93
OCT 19	OCT 20	ONTARIO RACQUET CLUB MISSISSAUGA ON	62.88
OCT 8	OCT 11	ROYAL BANK OF CANADA TORONTO	-8,899.14

## Summary

Restaurants - \$415.33	Hotels - \$539.18
Airlines - \$0.00	Car rental - \$0.00
Merchandise - \$1,925.42	Cash advances - \$0.00
Other purchases - \$3,017.44	

\*G00232\*









# CIBC Aerogold® Visa\*

## Your account at a glance

Previous balance		<b>\$5,897.37</b>
Payments	\$5,897.37	
Other credits	301.00	
Total credits	-	\$6,198.37
Purchases	10,056.29	
Cash advances	0.00	
Interest	0.00	
Fees	0.00	
Total charges	+	\$10,056.29
New balance	=	<b>\$9,755.29</b>

## Your payment due

**Current month's minimum payment** **\$292.00**  
Please pay this amount by **Dec 09, 2006**

## CIBC CreditSmart

Introducing CIBC CreditSmart, a revolutionary array of new credit card features and benefits. It's a completely new approach to credit card management. One that gives you information and tools to make confident credit decisions that are right for your life. Visit [www.cibccreditsmart.com](http://www.cibccreditsmart.com) to learn more.

## CHRIS K JARRATT

Account number  
4500 6200 0031 1425

November statement period  
October 23 to November 22, 2006

## Questions? Moving?

Call 1-800-465-4653  
Fax 1-800-897-0551  
TTY 1-877-331-3338  
Write PO BOX 4058, STN A  
Toronto ON M5W 1L8

## For lost stolen card?

Call 1-800-663-4575

## Credit summary

Your credit limit \$30,000.00  
Your available credit \$20,244.71

Interest rates	Annual	Daily
Regular purchases	19.50%	0.05342%
Cash advances	19.50%	0.05342%

## Aeroplan® Miles summary

### This statement

Earned on net card purchases + 9783  
Total Aeroplan Miles sent to = 9783  
Aeroplan acct 515 414 886



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Please turn over - Transactions begin on page 2

## CIBC Aerogold Visa

### Payment options

- Online Banking: [www.cibc.com](http://www.cibc.com)
  - Telephone Banking: 1-800-465-CIBC (2422)
  - CIBC bank machines and most financial institutions
  - Mail: Return completed slip with your cheque or money order payable to CIBC
- For general inquiries call 1-800-465-4653.

Account number 4500 6200 0031 1425  
New balance \$9,755.29  
Current month's minimum payment due by **Dec 09, 2006** \$292.00  
Total payment enclosed \$

000382 12(U)  
CHRIS K JARRATT  
123 MORRISON RD  
OAKVILLE ON L6J 4J3

081679

CIBC  
PO BOX 4595, STATION A  
TORONTO ON M5W 4X9

00004500620000311425000000097552900000000292008



# Transactions from October 23 to November 22, 2006

## Your payments

Trans date	Post date	Description	Amount(\$)
Nov 07	Nov 08	ROYAL BANK OF CANADA TORONTO	5,897.37
Total payments			\$5,897.37

## Your new charges and credits

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6200 0031 1425				
Oct 20	Oct 23	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	112.34
Oct 20	Oct 23	BOSTON PIZZA #444 OAKVILLE ON	Restaurants	49.83
Oct 20	Oct 23	OASIS-GEORGIAN MANOR INN WOODSTOCK ON	Restaurants	74.00
Oct 20	Oct 24	ESSO HWY 11 R R 2 KILWORTHY ON	Transportation	33.79
Oct 20	Oct 24	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	30.00
Oct 21	Oct 23	ALTADORE QUALITY INN WOODSTOCK ON	Hotel, Entertainment and Recreation	213.10
Oct 21	Oct 24	WINNERS (WOODSTOCK) #285 WOODSTOCK ON	Retail and Grocery	242.45
Oct 22	Oct 24	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	31.75
Oct 24	Oct 26	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	40.00
Oct 24	Oct 27	FATPORT VANCOUVER BC	Personal and Household Expenses	7.86
Oct 25	Oct 26	IGORMANIA INC 877-330-3005 FL 25.00 USD @ 1.155200000**	Foreign Currency Transactions	28.88
Oct 25	Oct 26	THE RED BARN MOOSOMIN SK	Restaurants	59.29
Oct 25	Oct 30	THE FAIRMONT-WINNIPEG WINNIPEG MB	Hotel, Entertainment and Recreation	354.82
Oct 26	Oct 27	TASTY THAI CUISINE INC. OAKVILLE ON	Restaurants	27.44
Oct 26	Oct 27	MERRIAM MUSIC INC OAKVILLE ON	Retail and Grocery	-62.50
Oct 27	Oct 31	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	40.02
Oct 28	Oct 30	MAPLEGROVE HM HWR #1260-90AKVILLE ON	Home and Office Improvement	33.31
Oct 28	Oct 30	THE MERCHANT OF TENNIS OAKVILLE ON	Hotel, Entertainment and Recreation	126.49
Oct 28	Oct 31	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	38.38
Oct 28	Oct 31	PARTSOURCE STORE # 739 OAKVILLE ON	Home and Office Improvement	40.93
Oct 28	Nov 01	GRAND RIVER TROUTFITTERS FERGUS ON	Professional and Financial Services	-238.50
Oct 28	Nov 01	LCBO/RAO #0365 OAKVILLE ON	Retail and Grocery	106.05
Oct 29	Nov 01	MYE JAPANESE RESTAURANT OAKVILLE ON	Restaurants	96.28
Oct 30	Oct 31	HALTON CHIROPRACTIC CLINIC OAKVILLE ON	Health and Education	48.00
Oct 30	Oct 31	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	12.72

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## Information about your CIBC Aerogold Visa account

If you find an error in this statement you must tell us within 30 days of the last day of the statement period shown on the front of this statement. If you do not, we may regard this statement as final (except for credits which have been posted in error)

**How we charge interest:** a) **On purchases:** For non-Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance by the payment due date and we have received payment for the full Balance shown on your previous monthly statement by the payment due date. For Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance on this statement by the payment due date. Regardless of residency, if interest is charged on a New Purchase, it will be charged from the transaction date until we receive a payment which covers the New Purchase.

b) **On Cash Advances, Convenience Cheques and Balance Transfers:** Interest is charged on Cash Advances beginning on the day they are taken. For Balance Transfers and Convenience Cheques, interest is charged beginning on the day these are posted to your Visa Account. We stop charging interest on Cash Advances, Balance Transfers and Convenience Cheques on the day we receive a payment which covers the amount of the transaction in question in accordance with the Cardholder Agreement

**Payment period extensions:** If we did not receive full payment of the Balance on your last monthly statement, your payment due date was automatically extended this month by 3 days to give you extra time to make your payment. Interest will continue to accrue for the extended period. When we receive your full Balance, your payment due date will change back to your regular payment due date.

\*\* Foreign currency transactions are charged the same conversion rate (CIBC) as required to pay plus an administration fee of 2.5% of the converted amount. The fee applies to both credits and debits.

For more information, please refer to the CIBC Visa Cardholder Agreement.

\* Excludes CIBC and Aeroplan LP, Inc. users.

\*\* Trade-mark of CIBC.

® Aerogold and Aeroplan are registered trade-marks of Aeroplan LP, CIBC's authorized licensee of the mark.





Prepared for: CHRIS K JARRATT October 23 to November 22, 2006 Account number: 4500 6200 0031 1425

### Your new charges and credits (continued)

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6200 0031 1425				
Oct 30	Nov 01	THE MERCHANT OF TENNIS OAKVILLE ON	Hotel, Entertainment and Recreation	79.80
Oct 30	Nov 01	CLIFF'S LAWN & GARDEN EQUIOAKVILLE ON	Home and Office Improvement	68.78
Oct 31	Nov 01	407ETR WOODBRIDGE ON	Personal and Household Expenses	15.70 —
Oct 31	Nov 02	THE PAINT & PAPER PLACE MISSISSAUGA ON	Home and Office Improvement	160.71
Nov 01	Nov 02	HALTON CHIROPRACTIC CLINIOAKVILLE ON	Health and Education	75.00
Nov 01	Nov 02	SPORT CHEK #317 OAKVILLE ON	Hotel, Entertainment and Recreation	236.51
Nov 01	Nov 03	ESSO 2688 DUNDAS ST. W. MISSISSAUGA ON	Transportation	40.04
Nov 01	Nov 06	ALICE FAZOOOL'S OAKVILLE OAKVILLE ON	Restaurants	36.50 —
Nov 02	Nov 03	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	12.72
Nov 03	Nov 06	WATTS CURRENT INC. MISSISSAUGA ON	Home and Office Improvement	776.34
Nov 04	Nov 06	RISTORANTE PARADISO OAKVILLE ON	Restaurants	164.51 —
Nov 04	Nov 07	ESSO 332 STEELES AVE E HORNBY ON	Transportation	56.20
Nov 05	Nov 07	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	38.35
Nov 06	Nov 08	THE HOME DEPOT #7157 OAKVILLE ON	Home and Office Improvement	43.60
Nov 06	Nov 08	JOURNEY TO WELLNESS OAKVILLE ON	Health and Education	53.00
Nov 06	Nov 08	THAI CHEF RESTAURANT OAKVILLE ON	Restaurants	92.89 —
Nov 06	Nov 08	RONA ONTARIO OAKVL #31010OAKVILLE ON	Home and Office Improvement	53.30
Nov 07	Nov 08	MAPLEGROVE HM HWR #1260-9OAKVILLE ON	Home and Office Improvement	27.63
Nov 07	Nov 09	JOURNEY TO WELLNESS OAKVILLE ON	Health and Education	153.70
Nov 08	Nov 09	DR RON BELL OAKVILLE ON	Health and Education	186.00
Nov 09	Nov 10	HALTON CHIROPRACTIC CLINIOAKVILLE ON	Health and Education	66.00
Nov 10	Nov 14	THE MILLCROFT INN ALTON ON	Hotel, Entertainment and Recreation	641.30
Nov 10	Nov 14	THE MILLCROFT INN ALTON ON	Hotel, Entertainment and Recreation	701.80
Nov 10	Nov 14	THE MILLCROFT INN ALTON ON	Hotel, Entertainment and Recreation	129.90
Nov 11	Nov 14	LEE VALLEY MAIL ORDER 800-267-8767 ON	Professional and Financial Services	169.23
Nov 11	Nov 15	THE GLOBE AND MAIL TORONTO ON	Professional and Financial Services	29.67 —
Nov 11	Nov 15	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	40.00
Nov 13	Nov 14	GEM LIMOUSINE INC. BURLINGTON ON	Transportation	318.53 —
Nov 13	Nov 16	MEDCARE PHARMACY OAKVILLE ON	Health and Education	193.35
Nov 13	Nov 16	MILESTONE'S ABBOTSFORD-BCABBOTSFORD BC	Restaurants	125.68 —
Nov 15	Nov 16	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	25.44
Nov 15	Nov 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	323.21
Nov 15	Nov 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	290.34
Nov 15	Nov 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	304.98
Nov 15	Nov 17	ESSO 624 THIRD LINE OAKVILLE ON	Transportation	40.02
Nov 15	Nov 17	AVIS RENT-A-CAR ETOBICOKE ON	Transportation	338.76 —
Nov 15	Nov 17	GTAA T1-POF TORONTO ON	Transportation	72.00 —
Nov 16	Nov 17	FAIRMONT HOTEL VANCOUVER VANCOUVER BC	Hotel, Entertainment and Recreation	838.40 —
Nov 16	Nov 17	BEST BUY CANADA #930 OAKVILLE ON	Home and Office Improvement	175.54
Nov 17	Nov 20	THE ADDED TOUCH OAKVILLE ON	Retail and Grocery	45.60
Nov 17	Nov 20	LEE VALLEY MAIL ORDER 800-267-8767 ON	Professional and Financial Services	188.10
Nov 17	Nov 21	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	43.37
Nov 19	Nov 20	MUNDELL LBR CO 1081-9 ERIN ON	Home and Office Improvement	40.72
Nov 19	Nov 20	MAPLEGROVE HM HWR #1260-9OAKVILLE ON	Home and Office Improvement	31.64



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## Your new charges and credits (continued)

Trans date	Post date	Description	Spend Categories	Amount(\$)
<b>Card number 4500 6200 0031 1425</b>				
Nov 20	Nov 21	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	118.85
Nov 20	Nov 21	APPLEWOOD CHEVROLET CA MISSISSAUGA ON	Transportation	216.55
Nov 20	Nov 22	PEOPLES JEWELLERS OAKVILLE ON	Retail and Grocery	328.30
<b>Total for 4500 6200 0031 1425</b>				<b>\$9,755.29</b>

\*\* Denotes transaction in foreign currency

## CIBC CreditSmart™ Spend Report

Spend Categories	This month				Year-to-date	
	Transactions	Amount(\$)	Budget (\$)	Difference (\$)	Transactions	Amount (\$)
Personal and Household Expenses	4	254.75	-	-	46	3,451.67
Professional and Financial Services	7	1,067.03	-	-	64	13,703.43
Retail and Grocery	5	659.90	-	-	91	19,102.71
Transportation	16	1,417.76	-	-	170	22,962.55
Hotel, Entertainment and Recreation	12	3,373.00	-	-	56	14,038.49
Restaurants	9	726.42	-	-	90	6,101.37
Home and Office Improvement	11	1,452.50	-	-	95	13,811.68
Health and Education	7	775.05	-	-	50	7,355.76
Foreign Currency Transactions	1	28.88	-	-	35	21,415.27
<b>Total</b>	<b>72</b>	<b>9,755.29</b>			<b>697</b>	<b>\$121,942.93</b>

Transactions are assigned a spend category based on where the goods or services are purchased, not on what was purchased. For example, items purchased at a convenience store in a gas station will appear under Transportation, not Retail and Grocery.

A negative difference (-) means you spent more than you budgeted.

	Amount(\$)	Budget (\$)	Difference (\$)
<b>Total Monthly Budget</b>	9,755.29	-	-

## Your message centre

Beginning late fall 2006 Aeroplan will offer unrestricted access to Air Canada's and Air Canada Jazz's available Economy and Executive seats. For complete details, please visit [aeroplan.com](http://aeroplan.com)

Get great value from a new Home Phone plan - just for CIBC VISA cardholders. With Rogers and CIBC Telecom Plus, get Home Phone service with 2 FREE Calling Features and 100 FREE Canadian Long Distance minutes each month for only \$29.95/mo! Switching is easy and you keep your phone number. To sign up, call 1-877-312-6897.

On Wednesday, December 6, CIBC World Markets and CIBC Wood Gundy donate their fees and commissions to children's charities in our communities around the world. For more information about CIBC World Markets Miracle Day visit [www.cibcwmmiracleday.com](http://www.cibcwmmiracleday.com).

Travelling? Call 1-888-806-6583 or visit [www.cibc.com](http://www.cibc.com) to learn more about CIBC Travel Insurance.

Discover smart new CIBC CreditSmart features and benefits to help you make confident credit decisions that are right for your life. Register for or sign-on to CIBC Online Banking to get the most out of your credit card. Visit [www.cibc.com](http://www.cibc.com) today.





# CIBC Aerogold® Visa\*

## Your account at a glance

Previous balance		<b>\$9,755.29</b>
Payments	\$9,755.29	
Other credits	183.25	
Total credits	-	<b>\$9,938.54</b>
Purchases	13,759.18	
Cash advances	0.00	
Interest	0.00	
Fees	0.00	
Total charges	+	<b>\$13,759.18</b>
New balance	=	<b>\$13,575.93</b>

## Your payment due

Current month's minimum payment **\$407.00**  
Please pay this amount by **Jan 08, 2007**

## CIBC CreditSmart

Smart management. Easy organization. Increased security. Your CIBC VISA Card has been enhanced with new CIBC CreditSmart features -- security measures and exclusive tools to help you manage and organize your card spending. Visit [www.cibccreditsmart.com](http://www.cibccreditsmart.com) to learn more.

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## CHRIS K JARRATT

Account number  
4500 6200 0031 1425

December statement period  
November 23 to December 22, 2006

## Questions? Moving?

Call 1-800-465-4653  
Fax 1-800-897-0551  
TTY 1-877-331-3338  
Write PO BOX 4058, STN A  
Toronto ON M5W 1L8

## For lost stolen card?

Call 1-800-663-4575

## Credit summary

Your credit limit \$30,000.00  
Your available credit \$16,424.07

Interest rates	Annual	Daily
Regular purchases	19.50%	0.05342%
Cash advances	19.50%	0.05342%

## Aeroplan® Miles summary

### This statement

Earned on net card purchases + 13609  
Promotions + 489  
Total Aeroplan Miles sent to = 14098  
Aeroplan acct 515 414 886



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Tear Off here

Please turn over - Transactions begin on page 2

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## CIBC Aerogold Visa

### Payment options

- Online Banking: [www.cibc.com](http://www.cibc.com)
  - Telephone Banking: 1-800-465-CIBC (2422)
  - CIBC bank machines and most financial institutions
  - Mail: Return completed slip with your cheque or money order payable to CIBC.
- For general inquiries call 1-800-465-4653.

Account number 4500 6200 0031 1425

New balance \$13,575.93

Current month's minimum  
payment due by  
**Jan 08, 2007** \$407.00

Total payment enclosed \$

000430 12(R)  
CHRIS K JARRATT  
123 MORRISON RD  
OAKVILLE ON L6J 4J3

080921

CIBC  
PO BOX 4595, STATION A  
TORONTO ON M5W 4X9

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# Transactions from November 23 to December 22, 2006

## Your payments

Trans date	Post date	Description	Amount(\$)
Dec 08	Dec 11	ROYAL BANK OF CANADA TORONTO	9,755.29
Total payments			\$9,755.29

## Your new charges and credits

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6200 0031 1425				
Nov 21	Nov 23	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	29.99
Nov 22	Nov 23	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	406.86
Nov 22	Nov 23	SHOE COMPANY #272OAK OAKVILLE ON	Retail and Grocery	193.78
Nov 22	Nov 24	MEDCARE PHARMACY OAKVILLE ON	Health and Education	29.57
Nov 23	Nov 27	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	40.00
Nov 23	Nov 27	OLIVER'S STEAK HOUSE OAKVILLE ON	Restaurants	286.00
Nov 24	Nov 27	GAP CANADA 9839 MISSISSAUGA ON	Retail and Grocery	103.75
Nov 24	Nov 27	APPLEWOOD CHEVROLET CA MISSISSAUGA ON	Transportation	124.26
Nov 24	Nov 28	12718 ONTARIO BADMINTON 1888-955-5455BC	Personal and Household Expenses	47.00
Nov 25	Nov 27	WHITE OAKS-TENNIS WORLD NOTL ON	Personal and Household Expenses	16.40
Nov 25	Nov 28	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	40.11
Nov 25	Nov 28	ESSO HWY 401 EASTBOUND ODESSA ON	Transportation	40.40
Nov 25	Nov 28	PARTSOURCE STORE # 739 OAKVILLE ON	Home and Office Improvement	84.09
Nov 26	Nov 27	MAPLEGROVE HM HWR #1260-9OAKVILLE ON	Home and Office Improvement	30.73
Nov 26	Nov 28	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	35.31
Nov 27	Nov 28	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	60.42
Nov 27	Nov 28	SPAORT CHEK #388 OAKVILLE ON	Hotel, Entertainment and Recreation	68.39
Nov 27	Nov 28	GAP CANADA 9828 KINGSTON ON	Retail and Grocery	25.97
Nov 28	Nov 30	LEE VALLEY MAIL ORDER 800-267-8767 ON	Professional and Financial Services	-103.46
Nov 28	Nov 30	ESSO 332 STEELES AVE E HORNBY ON	Transportation	20.13
Nov 28	Nov 30	ESSO 1765 LAKESHORE RD. MISSISSAUGA ON	Transportation	35.10
Nov 29	Nov 30	MOTORSPORT 636-4883113 MO 74.00 USD @ 1.167162162**	Foreign Currency Transactions	86.37
Nov 29	Dec 01	SHOPPERS DRUG MART0706 OAKVILLE ON	Health and Education	83.83
Nov 30	Dec 04	THE BASKETEERS OF OAKVILLOAKVILLE ON	Retail and Grocery	80.14
Nov 30	Dec 04	JENSEN & SONS TIRE SERVICEOAKVILLE ON	Transportation	57.00

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For more information, please refer to the CIBC Visa Cardholder Agreement.

• Visa Int / CIBC and Aeroplan LP, Inc. users

™ Trade-mark of CIBC

® Aerogold and Aeroplan are registered trade-marks of Aeroplan LP. CIBC is an authorized licensee of the marks.





Prepared for: CHRIS K JARRATT November 23 to December 22, 2006 Account number: 4500 6200 0031 1425

### Your new charges and credits (continued)

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6200 0031 1425				
Nov 30	Dec 04	ALICE FAZOOLO'S OAKVILLE OAKVILLE ON	Restaurants	69.87 —
Dec 01	Dec 04	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	97.52
Dec 01	Dec 04	407ETR WOODBRIDGE ON	Personal and Household Expenses	39.93 —
Dec 01	Dec 04	MR. GREEK - OAKVILLE OAKVILLE ON	Restaurants	49.09 —
Dec 01	Dec 05	MEDCARE PHARMACY OAKVILLE ON	Health and Education	177.74
Dec 02	Dec 04	STAPLES STORE #78 OAKVILLE ON	Retail and Grocery	82.90
Dec 02	Dec 06	ST LOUIS BAR AND GRILL OAKVILLE ON	Restaurants	57.45 —
Dec 03	Dec 04	WHAT'S COOKIN' ERIN ON	Restaurants	37.73
Dec 03	Dec 05	ESSO 332 STEELES AVE E HORNBY ON	Transportation	38.62
Dec 03	Dec 05	PETROCAN HWY #24 ERIN ON	Transportation	20.00
Dec 04	Dec 05	ROYAL FORD VETERINARY HOSQOAKVILLE ON	Personal and Household Expenses	60.15
Dec 04	Dec 06	GUELPH CUTTEN CLUB GUELPH ON	Hotel, Entertainment and Recreation	14.70
Dec 04	Dec 06	MELBOURNE DESIGNS, LLC 817-478-7271 TX 161.68 USD @ 1.169841663**	Foreign Currency Transactions	189.14
Dec 04	Dec 06	CHAPTERS #765# OAKVILLE ON	Retail and Grocery	113.74
Dec 05	Dec 07	JOURNEY TO WELLNESS OAKVILLE ON	Health and Education	53.00
Dec 05	Dec 08	DR. AMANDEEP SANGHERA O.D. OAKVILLE ON	Health and Education	110.00
Dec 06	Dec 07	SOBEYS MAPLE GROVE #637 OAKVILLE ON	Retail and Grocery	149.37
Dec 06	Dec 07	BOSTON PIZZA #444 OAKVILLE ON	Restaurants	40.74 —
Dec 06	Dec 07	LA VIE EN ROSE #41 ETOBICOKE ON	Retail and Grocery	28.45
Dec 06	Dec 07	SPORTING LIFE TORONTO ON	Hotel, Entertainment and Recreation	79.79
Dec 06	Dec 08	BRAFASCO / OAKVILLE OAKVILLE ON	Professional and Financial Services	45.60
Dec 06	Dec 08	BONGS VARIETY OAKVILLE ON	Retail and Grocery	23.87
Dec 07	Dec 08	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	47.70
Dec 07	Dec 08	BEST BUY CANADA #930 OAKVILLE ON	Home and Office Improvement	1,744.18
Dec 07	Dec 11	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	36.99
Dec 08	Dec 11	SHOPPERSDRUGMART1042 BURLINGTON ON	Health and Education	55.00
Dec 08	Dec 11	LEE VALLEY MAIL ORDER 800-267-8767 ON	Professional and Financial Services	61.90
Dec 08	Dec 12	ESSO 624 THIRD LINE OAKVILLE ON	Transportation	34.24
Dec 09	Dec 11	CAVAN'S GARDEN CENTRE ERIN ON	Home and Office Improvement	124.14
Dec 09	Dec 11	WHOLE FOODS MARKET OAKVILLE ON	Retail and Grocery	100.94
Dec 09	Dec 12	THE GLOBE AND MAIL TORONTO ON	Professional and Financial Services	29.67 —
Dec 09	Dec 13	LCBO/RAO #0418 ERIN ON	Retail and Grocery	31.85
Dec 10	Dec 11	SKIIS & BIKES MISSISSAUGA ON	Hotel, Entertainment and Recreation	712.49
Dec 11	Dec 12	MAPLEGROVE HM HWR #1260-9OAKVILLE ON	Home and Office Improvement	23.66
Dec 12	Dec 13	SOBEYS MAPLE GROVE #637 OAKVILLE ON	Retail and Grocery	85.48
Dec 12	Dec 13	MAPLEGROVE HM HWR #1260-9OAKVILLE ON	Home and Office Improvement	130.91
Dec 12	Dec 13	BEST BUY CANADA #930 OAKVILLE ON	Home and Office Improvement	-79.79
Dec 12	Dec 13	LEE VALLEY MAIL ORDER 800-267-8767 ON	Professional and Financial Services	217.57
Dec 12	Dec 14	HYDRO ONE TORONTO ON	Personal and Household Expenses	2,159.01
Dec 12	Dec 14	BLACKMORE TENNIS CLUB RICHMOND HILL ON	Hotel, Entertainment and Recreation	35.00
Dec 12	Dec 15	ALICE FAZOOLO'S OAKVILLE OAKVILLE ON	Restaurants	58.69 —
Dec 13	Dec 15	ESSO 2688 DUNDAS ST. W. MISSISSAUGA ON	Transportation	49.90
Dec 14	Dec 15	HALTON CHIROPRACTIC CLINIOAKVILLE ON	Health and Education	75.00
Dec 14	Dec 15	HALTON CHIROPRACTIC CLINIOAKVILLE ON	Health and Education	33.00
Dec 14	Dec 15	LA SENZA #150 OAKVILLE ON	Retail and Grocery	56.43



\*03026612K1\*



## Your new charges and credits (continued)

Trans date	Post date	Description	Spend Categories	Amount(\$)
<b>Card number 4500 6200 0031 1425</b>				
Dec 14	Dec 15	RAFFI JEWELLERS INC. OAKVILLE ON	Retail and Grocery	957.60
Dec 14	Dec 15	SPAORT CHEK #388 OAKVILLE ON	Hotel, Entertainment and Recreation	28.49
Dec 14	Dec 15	CHAPTERS #765# OAKVILLE ON	Retail and Grocery	92.33
Dec 14	Dec 15	LEE VALLEY MAIL ORDER 800-267-8767 ON	Professional and Financial Services	68.99
Dec 14	Dec 18	MAYFAIR WEST TENNIS CLUB DOWNSVIEW ON	Hotel, Entertainment and Recreation	40.00
Dec 14	Dec 18	TILLEY ENDURABLES INC (MATORONTO ON	Retail and Grocery	208.05
Dec 15	Dec 18	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	290.34
Dec 15	Dec 18	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	304.98
Dec 15	Dec 18	WHAT'S COOKIN' ERIN ON	Restaurants	21.95
Dec 15	Dec 18	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	323.21
Dec 15	Dec 18	JACK ASTOR'S VEGA BLVD MISSISSAUGA ON	Restaurants	63.30
Dec 15	Dec 19	ESSO 332 STEELES AVE E HORNBY ON	Transportation	45.43
Dec 16	Dec 18	ULTRAMAR GARAFFAXA DURHAM ON	Transportation	56.68
Dec 17	Dec 20	LCBO/RAO #0365 OAKVILLE ON	Retail and Grocery	119.55
Dec 19	Dec 20	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	994.10
Dec 19	Dec 21	INSIDE STORY OAKVILLE ON	Retail and Grocery	178.98
Dec 20	Dec 21	DR NELL VAN YMEREN OPTOM OAKVILLE ON	Health and Education	232.95
Dec 20	Dec 22	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	32.32
Dec 21	Dec 22	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	191.18
<b>Total for 4500 6200 0031 1425</b>				<b>\$13,575.93</b>

\*\* Denotes transaction in foreign currency

## CIBC CreditSmart™ Spend Report

Spend Categories	This month				Year-to-date	
	Transactions	Amount(\$)	Budget (\$)	Difference (\$)	Transactions	Amount (\$)
Personal and Household Expenses	6	2,513.67	-	-	52	5,965.34
Professional and Financial Services	9	1,238.80	-	-	73	14,942.23
Retail and Grocery	18	2,633.18	-	-	109	21,735.89
Transportation	17	736.48	-	-	187	23,699.03
Hotel, Entertainment and Recreation	12	2,585.46	-	-	68	16,623.95
Restaurants	9	684.82	-	-	99	6,786.19
Home and Office Improvement	7	2,057.92	-	-	102	15,869.60
Health and Education	9	850.09	-	-	59	8,205.85
Foreign Currency Transactions	2	275.51	-	-	37	21,690.78
<b>Total</b>	<b>89</b>	<b>13,575.93</b>			<b>786</b>	<b>\$135,518.86</b>

Transactions are assigned a spend category based on where the goods or services are purchased, not on what was purchased. For example, items purchased at a convenience store in a gas station will appear under Transportation, not Retail and Grocery.

A negative difference (-) means you spent more than you budgeted.

	Amount(\$)	Budget (\$)	Difference (\$)
Total Monthly Budget	13,575.93	-	-

## Your message centre

Discover smart new CIBC CreditSmart features and benefits to help you make confident credit decisions that are right for your life. Register for or sign-on to CIBC Online Banking to get the most out of your credit card. Visit [www.cibc.com](http://www.cibc.com) today.

Beginning late fall 2006 Aeroplan will offer unrestricted access to Air Canada's and Air Canada Jazz's available economy and executive seats. For complete details, please visit [aeroplan.com](http://aeroplan.com).

We at CIBC VISA would like to take this opportunity to thank you for your business and wish you a safe and Happy Holiday season.





# CIBC Aerogold® Visa

## Your account at a glance

Previous balance		<b>\$13,575.93</b>
Payments	\$13,575.93	
Other credits	0.00	
Total credits		<b>\$13,575.93</b>
Purchases	10,433.01	
Cash advances	0.00	
Interest	0.00	
Fees	0.00	
Total charges		<b>+ \$10,433.01</b>
New balance		<b>= \$10,433.01</b>

## Your payment due

Current month's minimum payment **\$312.00**  
Please pay this amount by **Feb 08, 2007**

## CIBC CreditSmart

Now you can easily track and manage your monthly budgets on the CIBC CreditSmart Spend Report. Set a personal budget through CIBC Online Banking for any spend category or for your total monthly spending. You can also set a spend alert to be notified when you exceed your budget. Visit [www.cibccreditsmart.com](http://www.cibccreditsmart.com) to learn more.

## CHRIS K JARRATT

Account number  
4500 6200 0031 1425

January statement period  
December 23, 2006 to January 22, 2007

## Questions? Moving?

Call 1-800-465-4653  
Fax 1-800-897-0551  
TTY 1-877-331-3338  
Write PO BOX 4058, STN A  
Toronto ON M5W 1L8

## For lost stolen card?

Call 1-800-663-4575

## Credit summary

Your credit limit \$30,000.00  
Your available credit \$19,566.99

## Interest rates

	Annual	Daily
Regular purchases	19.50%	0.05342%
Cash advances	19.50%	0.05342%

## Aeroplan® Miles summary

### This statement

Earned on net card purchases	+	10458
Promotions	+	515
<b>Total Aeroplan Miles sent to</b>	<b>=</b>	<b>10973</b>

Aeroplan acct 515 414 886



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Please turn over - Transactions begin on page 2

## CIBC Aerogold Visa

### Payment options

- Online Banking: [www.cibc.com](http://www.cibc.com)
  - Telephone Banking: 1-800-465-CIBC (2422)
  - CIBC bank machines and most financial institutions
  - Mail: Return completed slip with your cheque or money order payable to CIBC
- For general inquiries call 1-800-465-4653.

Account number 4500 6200 0031 1425

New balance \$10,433.01

Current month's minimum  
payment due by

**Feb 08, 2007** \$312.00

Total payment enclosed \$

000449 12(M)  
CHRIS K JARRATT  
123 MORRISON RD  
OAKVILLE ON L6J 4J3

081563

CIBC  
PO BOX 4595, STATION A  
TORONTO ON M5W 4X9

00004500620000311425000000104330100000000312004



# Transactions from December 23, 2006 to January 22, 2007

## Your payments

Trans date	Post date	Description	Amount(\$)
Jan 08	Jan 09	ROYAL BANK OF CANADA TORONTO	13,575.93
Total payments			\$13,575.93

## Your new charges and credits

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6200 0031 1425				
Jan 02	Jan 04	GUELPH CUTTEN CLUB GUELPH ON	Hotel, Entertainment and Recreation	42.02
Jan 02	Jan 04	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	37.85
Jan 03	Jan 08	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	41.85
Jan 04	Jan 05	THE WATER SOURCE OAKVILLE ON	Retail and Grocery	44.44
Jan 04	Jan 05	ROYAL FORD VETERINARY HOSOAKVILLE ON	Personal and Household Expenses	53.32
Jan 05	Jan 08	SPOON & FORK THAI AND VIEMISSISSAUGA ON	Restaurants	116.26
Jan 05	Jan 09	ST LOUIS BAR AND GRILL OAKVILLE ON	Restaurants	35.78
Jan 05	Jan 09	ESSO HWY 401 EASTBOUND PORT HOPE ON	Transportation	41.84
Jan 06	Jan 08	THE MERCHANT OF TENNIS OAKVILLE ON	Hotel, Entertainment and Recreation	176.67
Jan 06	Jan 08	RONA LANSING #55070 OAKVILLE ON	Home and Office Improvement	114.41
Jan 07	Jan 08	EAST SIDE MARIO'S RICHMOND HILL ON	Restaurants	39.44
Jan 08	Jan 09	NATIONAL CELLULAR INC. OAKVILLE ON	Personal and Household Expenses	683.99
Jan 08	Jan 09	SWISS CHALET OAKVILLE ON	Restaurants	34.46
Jan 09	Jan 10	HALTON CHIROPRACTIC CLIN/OAKVILLE ON	Health and Education	108.00
Jan 09	Jan 10	DR RON BELL OAKVILLE ON	Health and Education	117.00
Jan 09	Jan 10	BEST BUY CANADA #930 OAKVILLE ON	Home and Office Improvement	46.72
Jan 09	Jan 11	ESSO 1765 LAKESHORE RD. MISSISSAUGA ON	Transportation	45.55
Jan 09	Jan 11	PETROCAN 2300 ROYAL WINDSOAKVILLE ON	Transportation	43.55
Jan 10	Jan 11	JACK ASTOR'S VEGA BLVD MISSISSAUGA ON	Restaurants	66.18
Jan 10	Jan 12	FAR NIENTE/SOUL OF VINE TORONTO ON	Restaurants	43.71
Jan 10	Jan 12	SQUASH ONTARIO TORONTO ON	Hotel, Entertainment and Recreation	135.66
Jan 11	Jan 12	ADVANCE PRESENTATION PRODMISSISSAUGA ON	Retail and Grocery	4,574.82
Jan 12	Jan 15	APPLEWOOD CHEVROLET CA MISSISSAUGA ON	Transportation	427.63
Jan 12	Jan 16	SHELL 2680 SHERIDAN GARDEOAKVILLE ON	Transportation	40.02
Jan 13	Jan 15	CALLAHANS BEACH HOUSE PORT DOVER ON	Restaurants	47.41
Jan 15	Jan 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	290.34

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## Information about your CIBC Aerogold Visa account

If you find an error in this statement you must tell us within 30 days of the last day of the statement period shown on the front of this statement. If you do not, we may regard this statement as final (except for credits which have been posted in error).

**How we charge interest:** a) **On purchases:** For non-Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance by the payment due date and we have received payment for the full Balance shown on your previous monthly statement by the payment due date. For Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance on this statement by the payment due date. Regardless of residency, if interest is charged on a New Purchase, it will be charged from the transaction date until we receive a payment which covers the New Purchase.

b) **On Cash Advances, Convenience Cheques and Balance Transfers:** Interest is charged on Cash Advances beginning on the day they are taken. For Balance Transfers and Convenience Cheques, interest is charged beginning on the day these are posted to your Visa Account. We stop charging interest on Cash Advances, Balance Transfers and Convenience Cheques on the day we receive a payment which covers the amount of the transaction in question in accordance with the Cardholder Agreement.

**Payment period extensions:** If we did not receive full payment of the Balance on your last monthly statement, your payment due date was automatically extended this month by 3 days to give you extra time to make your payment. Interest will continue to accrue for the extended period. When we receive your full Balance, your payment due date will change back to your regular payment due date.

\*\* Foreign currency transactions are charged the same conversion rate CIBC is required to pay plus an administration fee of 2.5% of the converted amount. This fee applies to both credits and debits.

For more information, please refer to the CIBC Visa Cardholder Agreement.

\* Visa and CIBC and Aeroplan LP, Inc. users.

TM Trade-mark of CIBC.

@ Aerogold and Aeroplan are registered trade-marks of Aeroplan LP. CIBC is an authorized licensee of the marks.





Prepared for: CHRIS K. JARRATT December 23, 2006 to January 22, 2007 Account number: 4500 6200 0031 1425

### Your new charges and credits (continued)









Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6200 0031 1425				
Jan 15	Jan 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	304.98
Jan 15	Jan 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	323.21
Jan 15	Jan 17	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	46.36
Jan 15	Jan 17	PETROCAN 2300 ROYAL WINDSOAKVILLE ON	Transportation	23.86
Jan 17	Jan 18	SWISS CHALET OAKVILLE ON	Restaurants	31.41
Jan 19	Jan 22	JACK ASTOR'S VEGA BLVD MISSISSAUGA ON	Restaurants	35.67
Jan 19	Jan 22	ENGLISH BAY FISH & CHI OAKVILLE ON	Restaurants	37.17
Jan 19	Jan 22	VIA RAIL 42004 TORONTO ON	Transportation	493.96
Jan 20	Jan 22	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	283.80
Jan 20	Jan 22	PIZZA HUT MILTON ON	Restaurants	43.17
Jan 21	Jan 22	SKIIS & BIKES MISSISSAUGA ON	Hotel, Entertainment and Recreation	45.59
Jan 21	Jan 22	MUNDELL LBR CO 1081-9 ERIN ON	Home and Office Improvement	19.35
Dec 21	Dec 27	CADILLAC FAIRVIEW CORP LTMISSISSAUGA ON	Retail and Grocery	101.50
Dec 21	Dec 27	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	67.47
Dec 22	Dec 27	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	47.70
Dec 23	Dec 27	HILLSBURGH FOODLAND HILLSBURGH ON	Retail and Grocery	88.35
Dec 23	Dec 27	SOBEYS MAPLE GROVE #637 OAKVILLE ON	Retail and Grocery	80.76
Dec 23	Dec 27	HOLTOM'S BAKERY ERIN ON	Retail and Grocery	29.70
Dec 24	Dec 27	WHAT'S COOKIN' ERIN ON	Restaurants	80.46
Dec 24	Dec 28	ESSO 332 STEELES AVE E HORNBY ON	Transportation	33.51
Dec 24	Dec 28	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	23.53
Dec 27	Dec 28	LONGO'S OAKVILLE OAKVILLE ON	Retail and Grocery	53.72
Dec 27	Dec 28	SPOON & FORK THAI AND VIEMISSISSAUGA ON	Restaurants	72.13
Dec 28	Dec 29	MUNDELL LBR CO 1081-9 ERIN ON	Home and Office Improvement	42.60
Dec 29	Jan 02	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	66.78
Dec 29	Jan 02	THE BOOK SHELF GUELPH ON	Retail and Grocery	39.20
Dec 29	Jan 02	WHAT'S COOKIN' ERIN ON	Restaurants	47.00
Dec 29	Jan 03	ESSO 138 COLLEGE AVE W GUELPH ON	Transportation	56.64
Dec 31	Jan 02	ZEHR'S #54 - ORANGEVILL ORANGEVILLE ON	Retail and Grocery	216.59
Dec 31	Jan 02	407ETR WOODBRIDGE ON	Personal and Household Expenses	32.26
Dec 31	Jan 02	ORANGEVILLE HOME HARDWAREORANGEVILLE ON	Home and Office Improvement	19.91
Dec 31	Jan 04	LCBO/RAO #0418 ERIN ON	Retail and Grocery	95.75
Total for 4500 6200 0031 1425				\$10,433.01



\*020254P520\*



## CIBC CreditSmart™ Spend Report

Spend Categories	This month				Year-to-date	
	Transactions	Amount(\$)	Budget (\$)	Difference (\$)	Transactions	Amount (\$)
 Personal and Household Expenses	4	1,053.37	-	-	4	1,053.37
 Professional and Financial Services	3	918.53	-	-	3	918.53
 Retail and Grocery	10	5,324.83	-	-	10	5,324.83
 Transportation	14	1,423.62	-	-	14	1,423.62
 Hotel, Entertainment and Recreation	6	514.42	-	-	6	514.42
 Restaurants	14	730.25	-	-	14	730.25
 Home and Office Improvement	5	242.99	-	-	5	242.99
 Health and Education	2	225.00	-	-	2	225.00
<b>Total</b>	<b>58</b>	<b>10,433.01</b>			<b>58</b>	<b>\$10,433.01</b>

Transactions are assigned a spend category based on where the goods or services are purchased, not on what was purchased. For example, items purchased at a convenience store in a gas station will appear under Transportation, not Retail and Grocery.

A negative difference (-) means you spent more than you budgeted.

	Amount(\$)	Budget (\$)	Difference (\$)
 <b>Total Monthly Budget</b>	10,433.01	-	-

## Your message centre

The CIBC Convenience Banking Service Agreement is changing effective April 1, 2007. This Agreement applies when you use your Card in an automated bank machine.

Among the changes, CIBC is limiting its liability under the Agreement to direct damages resulting from its fraud, willful misconduct or gross negligence. Copies of the revised agreement will be available in CIBC branches April 1.

Effective April 2007, some changes will be taking place on your CIBC credit card. To learn more about these changes, please refer to the insert that is included with this statement.

## Summary of Awards earned via Promotions:

ADVANTEX BENEFIT/AVANTAGE

515





# CIBC Aerogold® Visa\*

## Your account at a glance

Previous balance		\$10,433.01
Payments	\$10,433.01	
Other credits	30.97	
Total credits		\$10,463.98
Purchases	8,442.68	
Cash advances	0.00	
Interest	0.00	
Fees	0.00	
Total charges		\$8,442.68
New balance		\$8,411.71

## Your payment due

Current month's minimum payment **\$252.00**  
Please pay this amount by **Mar 11, 2007**

## CIBC CreditSmart

Your CIBC VISA Card provides enhanced security features to protect you at all times. Our CIBC CreditSmart Credit Report Alerts allow you to stay up-to-date on key changes to your personal credit report by informing you of any unusual activity. Visit [www.cibccreditsmart.com](http://www.cibccreditsmart.com) to learn more.

## CHRIS K JARRATT

Account number  
4500 6001 0138 5411

February statement period  
January 23 to February 22, 2007

## Questions? Moving?

Call 1-800-465-4653  
Fax 1-800-897-0551  
TTY 1-877-331-3338  
Write PO BOX 4058, STN A  
Toronto ON M5W 1L8

## For lost stolen card?

Call 1-800-663-4575

## Credit summary

Your credit limit \$30,000.00  
Your available credit \$21,588.29

## Interest rates

	Annual	Daily
Regular purchases	19.50%	0.05342%
Cash advances	19.50%	0.05342%

## Aeroplan® Miles summary

### This statement

Earned on net card purchases	+	8435
Promotions	+	235
<b>Total Aeroplan Miles sent to</b>	<b>=</b>	<b>8670</b>

**Aeroplan acct 515 414 886**



\*0201679100\*

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Please turn over - Transactions begin on page 2

## CIBC Aerogold Visa

### Payment options

- Online Banking: [www.cibc.com](http://www.cibc.com)
  - Telephone Banking: 1-800-465-CIBC (2422)
  - CIBC bank machines and most financial institutions
  - Mail: Return completed slip with your cheque or money order payable to CIBC.
- For general inquiries call 1-800-465-4653.

Account number 4500 6001 0138 5411  
New balance \$8,411.71  
Current month's minimum payment due by **Mar 11, 2007** \$252.00  
Total payment enclosed \$

000408 12(S)  
CHRIS K JARRATT  
123 MORRISON RD  
OAKVILLE ON L6J 4J3

076822

CIBC  
PO BOX 4595, STATION A  
TORONTO ON M5W 4X9

00004500600101385411000000084117100000000252007



# Transactions from January 23 to February 22, 2007

## Your payments

Trans date	Post date	Description	Amount(\$)
Feb 07	Feb 08	ROYAL BANK OF CANADA TORONTO	10,433.01
Total payments			\$10,433.01

## Your new charges and credits

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6200 0031 1425				
Jan 19	Jan 23	JAGGARD'S FLORIST & GARDEBURLINGTON ON	Retail and Grocery	48.31
Jan 19	Jan 23	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	30.97
Jan 20	Jan 23	THE GLOBE AND MAIL TORONTO ON	Professional and Financial Services	29.67
Jan 21	Jan 23	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	38.17
Jan 22	Jan 24	12992 ONTARIO BADMINTON 1888-955-5455BC	Personal and Household Expenses	47.00
Jan 22	Jan 24	PETROCAN 6995 DIXIE RD. MISSISSAUGA ON	Transportation	38.90
Jan 23	Jan 24	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	429.12
Jan 23	Jan 25	WIGWAM GRILL ON THE GREEN623-9353811 AZ 14.25 USD @ 1.211228070**	Foreign Currency Transactions	17.26
Jan 24	Jan 25	PRINCESS AUTO MISSISSAUGA ON	Professional and Financial Services	87.48
Jan 24	Jan 26	TILLEY ENDURABLES INC (MATORONTO ON	Retail and Grocery	-8.71
Jan 24	Jan 26	CDN TIRE STORE #00241 MISSISSAUGA ON	Home and Office Improvement	87.74
Jan 24	Jan 26	SHOPPERS DRUG MART0695 CLARKSON ON	Health and Education	63.84
Jan 25	Jan 26	THE WIGWAM RESORT 623-9353811 AZ 416.82 USD @ 1.210042704**	Foreign Currency Transactions	504.37
Jan 25	Jan 26	THE WIGWAM RESORT 623-9353811 AZ 60.94 USD @ 1.210042665**	Foreign Currency Transactions	73.74
Jan 26	Jan 30	PETROCAN 4608 VICTORIA AVVINELAND STN ON	Transportation	44.90
Jan 27	Jan 29	TONY ROMA'S RESTAURANT MISSISSAUGA ON	Restaurants	81.85
Jan 27	Jan 29	BUDD'S BMW MINI OAKVILLE OAKVILLE ON	Transportation	36.97
Jan 27	Jan 30	ESSO 8473 HIGHWAY 25 NORTHMILTON ON	Transportation	26.49
Jan 29	Jan 30	LUCY'S SEAFOOD MISSISSAUGA ON	Restaurants	48.86
Jan 30	Jan 31	BEST BUY CANADA #930 OAKVILLE ON	Home and Office Improvement	47.29
Jan 30	Feb 01	NINAVIK-THE NATIVE ARTS JORDAN ON	Retail and Grocery	370.50
Jan 31	Feb 01	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	47.70
Jan 31	Feb 01	407ETR WOODBRIDGE ON	Personal and Household Expenses	46.73

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## Information about your CIBC Aerogold Visa account

If you find an error in this statement you must tell us within 30 days of the last day of the statement period shown on the front of this statement. If you do not, we may regard this statement as final (except for credits which have been posted in error).

**How we charge interest:** a) **On purchases:** For non-Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance by the payment due date and we have received payment for the full Balance shown on your previous monthly statement by the payment due date. For Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance on this statement by the payment due date. Regardless of residency, if interest is charged on a New Purchase, it will be charged from the transaction date until we receive a payment which covers the New Purchase.

b) **On Cash Advances, Convenience Cheques and Balance Transfers:** Interest is charged on Cash Advances beginning on the day they are taken. For Balance Transfers and Convenience Cheques, interest is charged beginning on the day these are posted to your Visa Account. We stop charging interest on Cash Advances, Balance Transfers and Convenience Cheques on the day we receive a payment which covers the amount of the transaction in question in accordance with the Cardholder Agreement.

**Payment period extensions:** If we did not receive full payment of the Balance on your last monthly statement, your payment due date was automatically extended this month by 3 days to give you extra time to make your payment. Interest will continue to accrue for the extended period. When we receive your full Balance, your payment due date will change back to your regular payment due date.

\*\* Foreign currency transactions are charged the same conversion rate CIBC is required to pay plus an administration fee of 2.5% of the converted amount. This fee applies to both credits and debits.

For more information, please refer to the CIBC Visa Cardholder Agreement.

\* Used in CIBC and Aeroplan LP, lic users.

\*\* Trade mark of CIBC.

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Prepared for: CHRIS K JARRATT January 23 to February 22, 2007 Account number: 4500 6001 0138 5411

### Your new charges and credits (continued)

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6200 0031 1425				
Jan 31	Feb 01	ROYAL FORD VETERINARY HOSOAKVILLE ON	Personal and Household Expenses	101.09
Jan 31	Feb 02	ESSO 4011 DIXIE RD. MISSISSAUGA ON	Transportation	43.72
Jan 31	Feb 02	SWISS CHALET OAKVILLE ON	Restaurants	52.87
Jan 31	Feb 02	EAST SIDE MARIO'S OAKVILLE ON	Restaurants	45.01
Feb 01	Feb 02	BURROWS CLOTHIERS OAKVILLE ON	Retail and Grocery	923.40
Feb 04	Feb 05	VIA RAIL STATION #37014 FALLOWFIELD ON	Transportation	-22.26
Feb 04	Feb 06	FIELDHOUSE BAR & GRILL OTTAWA ON	Restaurants	31.00
Feb 05	Feb 06	DR RON BELL OAKVILLE ON	Health and Education	117.00
Feb 05	Feb 06	HAKIM OPTICAL #108 OAKVILLE ON	Health and Education	349.00
Feb 05	Feb 07	ALBION HOTEL MIAMI BEACH FL 40.64 USD @ 1.213090551**	Foreign Currency Transactions	49.30
Feb 06	Feb 07	NATIONAL SPORTS #17 OAKVILLE ON	Retail and Grocery	51.26
Feb 06	Feb 08	ESSO 240 N.SERVICE ROAD WOAKVILLE ON	Transportation	40.06
Feb 07	Feb 08	BOSTON PIZZA #444 OAKVILLE ON	Restaurants	37.60
Feb 07	Feb 09	CORBETT'S SOURCE FOR SPO OAKVILLE ON	Hotel, Entertainment and Recreation	509.56
Feb 08	Feb 09	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	47.70
Feb 08	Feb 09	APPLEWOOD CHEVROLET CA MISSISSAUGA ON	Transportation	1,236.05
Feb 08	Feb 12	CORBETT SPORTS LTD OAKVILLE ON	Hotel, Entertainment and Recreation	208.01
Feb 09	Feb 13	ZIA-UR REHMAN LIMOUSINE AMISSISSAUGA ON	Transportation	73.00
Feb 09	Feb 13	DR RON BELL OAKVILLE ON	Health and Education	691.00
Feb 10	Feb 12	MUNDELL LBR CO 1081-9 ERIN ON	Home and Office Improvement	39.58
Feb 10	Feb 12	THE BOOK SHELF GUELPH ON	Retail and Grocery	47.22
Feb 11	Feb 13	ESSO 332 STEELES AVE E HORNBY ON	Transportation	39.98
Feb 13	Feb 15	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	11.24
Feb 14	Feb 15	CHAPTERS #782# MISSISSAUGA ON	Retail and Grocery	29.19
Feb 15	Feb 16	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	47.70
Feb 15	Feb 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	290.34
Feb 15	Feb 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	323.21
Feb 15	Feb 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	304.98
Feb 15	Feb 19	13380 ONTARIO BADMINTON 1888-955-5455BC	Personal and Household Expenses	47.00
Feb 16	Feb 19	THE MERCHANT OF TENNIS OAKVILLE ON	Hotel, Entertainment and Recreation	102.60
Feb 17	Feb 19	ANGEL'S DINER GUELPH ON	Restaurants	33.41
Feb 17	Feb 20	THE GLOBE AND MAIL TORONTO ON	Professional and Financial Services	30.96
Feb 19	Feb 21	GUELPH CUTTEN CLUB GUELPH ON	Hotel, Entertainment and Recreation	47.70
Feb 20	Feb 22	THE HOME DEPOT #7157 OAKVILLE ON	Home and Office Improvement	113.98
Feb 20	Feb 22	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	40.02
Feb 20	Feb 22	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	39.08
Total for 4500 6200 0031 1425				\$8,411.71










\*\* Denotes transaction in foreign currency



\*0202689100\*



## CIBC CreditSmart™ Spend Report

Spend Categories	This month				Year-to-date	
	Transactions	Amount(\$)	Budget (\$)	Difference (\$)	Transactions	Amount (\$)
 Personal and Household Expenses	4	241.82	-	-	8	1,295.19
 Professional and Financial Services	6	1,066.64	-	-	9	1,985.17
 Retail and Grocery	7	1,461.17	-	-	17	6,786.00
 Transportation	15	1,717.29	-	-	29	3,140.91
 Hotel, Entertainment and Recreation	8	1,440.09	-	-	14	1,954.51
 Restaurants	7	330.60	-	-	21	1,060.85
 Home and Office Improvement	4	288.59	-	-	9	531.58
 Health and Education	4	1,220.84	-	-	6	1,445.84
 Foreign Currency Transactions	4	644.67	-	-	4	644.67
<b>Total</b>	<b>59</b>	<b>8,411.71</b>			<b>117</b>	<b>\$18,844.72</b>

Transactions are assigned a spend category based on where the goods or services are purchased, not on what was purchased. For example, items purchased at a convenience store in a gas station will appear under Transportation, not Retail and Grocery.

A negative difference (-) means you spent more than you budgeted.

	Amount(\$)	Budget (\$)	Difference (\$)
 <b>Total Monthly Budget</b>	8,411.71	-	-

## Your message centre

It is important that you notify any merchants processing pre-authorized payments to your VISA account of your new credit card number and/or expiry date. This will avoid interruption in delivery of products or services.

Now earn 50% more miles on purchases at grocery, gas and drug stores. That's 1.5 Aeroplan Miles on every dollar spent at these locations! For details, please visit [www.cibccards.com/moremiles](http://www.cibccards.com/moremiles).

We go the extra mile...CIBC guarantees that our cardholders will not lose their Aeroplan Miles due to 12 month inactivity. See [www.cibccards.com/inactivity](http://www.cibccards.com/inactivity) for terms and conditions.

Up to \$10,000 credit protection for your CIBC credit card. Coverage for involuntary job loss, disability, cancer, and death costs only \$.89 per \$100 of your monthly statement balance (average daily balance in QC). Try the first 30 days compliments of CIBC. Call 1-800-293-5008 for coverage details or to enrol.

We wish to assure you that CIBC constantly monitors your account to help protect you from credit card fraud. As well, be sure to take steps to protect yourself by reviewing your statement each month, and calling us at 1-800-663-4575 if you find any unusual activity on your account.

To enrol in CIBC CreditSmart security features, and for tips on protecting yourself from fraud and identity theft, visit [www.cibccreditsmart.com](http://www.cibccreditsmart.com).

To find out how to receive CIBC VISA Email communications, visit [www.cibccards.com/email](http://www.cibccards.com/email)

Traveling in Canada? Download hundreds of offers at [visaperks.ca](http://visaperks.ca) for top Canadian travel destinations today!

## Summary of Awards earned via Promotions:

ADVANTEX BENEFIT/AVANTAGE

235





# CIBC Aerogold® Visa®

## Your account at a glance

<b>Previous balance</b>		<b>\$8,411.71</b>
Payments	\$8,411.71	
Other credits	0.00	
<b>Total credits</b>	-	<b>\$8,411.71</b>
Purchases	7,676.11	
Cash advances	0.00	
Interest	0.00	
Fees	0.00	
<b>Total charges</b>	+	<b>\$7,676.11</b>
<b>New balance</b>	=	<b>\$7,676.11</b>

## Your payment due

<b>Current month's minimum payment</b>	<b>\$230.00</b>
Please pay this amount by <b>Apr 08, 2007</b>	

## CIBC CreditSmart

CIBC CreditSmart Identity Theft Assistance provides information on identity theft at no additional cost to you. If you suspect that you are the victim of identity theft call 1-800-465-4653 for guidance. Visit [www.cibccreditsmart.com](http://www.cibccreditsmart.com) to learn more about our new CIBC CreditSmart features.

## CHRIS K JARRATT

**Account number**  
4500 6001 0138 5411

**March statement period**  
February 23 to March 22, 2007

### Contact us

Inquiries 1-800-465-4653  
Lost/Stolen 1-800-663-4575  
Fax 1-800-897-0551  
TTY 1-877-331-3338  
Write PO BOX 4058, STN A  
Toronto ON M5W 1L8

## Credit summary

Your credit limit \$30,000.00  
Your available credit \$22,323.89

## Interest rates

	Annual	Daily
Regular purchases	19.50%	0.05342%
Cash advances	19.50%	0.05342%

## Aeroplan® Miles summary

### This statement

Earned on net card purchases	+	7702
Mileage Multiplier	+	266
<b>Total Aeroplan Miles sent to</b>	<b>=</b>	<b>7968</b>
<b>Aeroplan acct 515 414 886</b>		



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Please turn over - Transactions begin on page 2

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## CIBC Aerogold Visa

### Payment options

- Online Banking: [www.cibc.com](http://www.cibc.com)
  - Telephone Banking: 1-800-465-CIBC (2422)
  - CIBC bank machines and most financial institutions
  - Mail: Return completed slip with your cheque or money order payable to CIBC.
- For general inquiries call 1-800-465-4653.

**Account number** 4500 6001 0138 5411  
**New balance** \$7,676.11  
**Current month's minimum payment due by**  
**Apr 08, 2007** \$230.00  
**Total payment enclosed** \$

000324 12(W)  
CHRIS K JARRATT  
123 MORRISON RD  
OAKVILLE ON L6J 4J3

073154

CIBC  
PO BOX 4595, STATION A  
TORONTO ON M5W 4X9

00004500600101385411000000076761100000000230008



# Transactions from February 23 to March 22, 2007

## Your payments

Trans date	Post date	Description	Amount(\$)
Mar 10	Mar 13	ROYAL BANK OF CANADA TORONTO	8,411.71
Total payments			\$8,411.71

## Your new charges and credits

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
Feb 24	Feb 28	VILLAGE MUSIC STORE ERIN ON	Retail and Grocery	50.00
Feb 25	Feb 28	CORBETT SPORTS LTD OAKVILLE ON	Hotel, Entertainment and Recreation	330.58
Feb 27	Feb 28	HALTON CHIROPRACTIC CLINIC OAKVILLE ON	Health and Education	141.00
Feb 27	Mar 01	BENTLEY #837 OAKVILLE ON	Retail and Grocery	79.79
Feb 28	Mar 02	SHELL 2680 SHERIDAN GARDE OAKVILLE ON	Transportation	36.44
Mar 02	Mar 05	BEST BUY CANADA #930 OAKVILLE ON	Home and Office Improvement	609.86
Mar 02	Mar 05	SEQUEL RESTAURANT & CA TORONTO ON	Restaurants	155.59
Mar 02	Mar 05	LUCY'S SEAFOOD MISSISSAUGA ON	Restaurants	84.29
Mar 02	Mar 06	ST LOUIS BAR AND GRILL OAKVILLE ON	Restaurants	43.05
Mar 03	Mar 05	FERNIE ALPINE RESORT TICFERNIE BC	Hotel, Entertainment and Recreation	73.14
Mar 03	Mar 05	FERNIE ALPINE RESORT GROCFERNIE BC	Hotel, Entertainment and Recreation	41.42
Mar 04	Mar 05	EARL'S BARLOW TRAIL CALGARY AB	Restaurants	70.16
Mar 05	Mar 07	PANORAMA RESORT PANORAMA BC	Hotel, Entertainment and Recreation	146.89
Mar 05	Mar 07	MOUNTAIN RESORT RESTAURANT PANORAMA BC	Professional and Financial Services	29.01
Mar 05	Mar 12	PANORAMA TICKET OFFICE INVERMERE BC	Personal and Household Expenses	133.56
Mar 06	Mar 07	FERNIE ALPINE RESORT TICFERNIE BC	Hotel, Entertainment and Recreation	292.56
Mar 06	Mar 07	FERNIE ALPINE RESORT RENTFERNIE BC	Hotel, Entertainment and Recreation	42.26
Mar 06	Mar 07	FERNIE ALPINE RESORT GROCFERNIE BC	Hotel, Entertainment and Recreation	57.02
Mar 06	Mar 08	NORTHERN HOTEL FERNIE BC	Restaurants	26.50
Mar 08	Mar 12	MILETONE'S ERIN MILL MISSISSAUGA ON	Restaurants	90.61
Mar 09	Mar 13	CORBETT SPORTS LTD OAKVILLE ON	Hotel, Entertainment and Recreation	1,139.99
Mar 10	Mar 12	RONA LANSING #55070 OAKVILLE ON	Home and Office Improvement	14.82
Mar 11	Mar 13	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	36.37
Mar 12	Mar 14	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	53.66
Mar 13	Mar 14	JEKYLL ISLAND CLUB HOTEL JEKYLL ISLANDGA	Foreign Currency Transactions	278.77
231.99 USD @ 1.201646623**				

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## Information about your CIBC Aerogold Visa account

If you find an error in this statement you must tell us within 30 days of the last day of the statement period shown on the front of this statement. If you do not, we may regard this statement as final (except for credits which have been posted in error).

**How we charge interest:** a) **On purchases:** For non-Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance by the payment due date and we have received payment for the full Balance shown on your previous monthly statement by the payment due date. For Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance on this statement by the payment due date. Regardless of residency, if interest is charged on a New Purchase, it will be charged from the transaction date until we receive a payment which covers the New Purchase.

b) **On Cash Advances, Convenience Cheques and Balance Transfers:** Interest is charged on Cash Advances beginning on the day they are taken. For Balance Transfers and Convenience Cheques, interest is charged beginning on the day these are posted to your Visa Account. We stop charging interest on Cash Advances, Balance Transfers and Convenience Cheques on the day we receive a payment which covers the amount of the transaction in question in accordance with the Cardholder Agreement.

**Payment period extensions:** If we did not receive full payment of the Balance on your last monthly statement, your payment due date was automatically extended this month by 3 days to give you extra time to make your payment. Interest will continue to accrue for the extended period. When we receive your full Balance, your payment due date will change back to your regular payment due date.

\*\* Foreign currency transactions are charged the same conversion rate CIBC is required to pay plus an administration fee of 2.5% of the converted amount. This fee applies to both credits and debits.

For more information, please refer to the CIBC Visa Cardholder Agreement.

\* Visa Int. ACIB, and Aeroplan LP, Inc. users

™ Trade-mark of CIBC

® Aerogold and Aeroplan are registered trade-marks of Aeroplan LP. CIBC is an authorized licensee of the marks.





Prepared for: CHRIS K JARRATT February 23 to March 22, 2007 Account number: 4500 6001 0138 5411

### Your new charges and credits (continued)

Trans date	Post date	Description	Spend Categories	Amount(\$)
<b>Card number 4500 6001 0138 5411</b>				
Mar 13	Mar 14	JEKYLL ISLAND CLUB HOTEL JEKYLL ISLANDGA 231.99 USD @ 1.201646623**	Foreign Currency Transactions	278.77
Mar 13	Mar 14	LAKE PLACID ANTIQUE CENTELAKE PLACID NY 29.79 USD @ 1.201409869**	Foreign Currency Transactions	35.79
Mar 13	Mar 14	JACK ASTOR'S VEGA BLVD MISSISSAUGA ON	Restaurants	39.14
Mar 13	Mar 15	ESSO HWY 401 EASTBOUND MALLORYTOWN ON	Transportation	44.35
Mar 14	Mar 15	ERE S PIZZA LAKE PLACID NY 56.46 USD @ 1.205809423**	Foreign Currency Transactions	68.08
Mar 14	Mar 16	VERIZON SPTS./BUBRON LAKE PLACID NY 217.50 USD @ 1.206252874**	Foreign Currency Transactions	262.36
Mar 16	Mar 19	SUNOCO SVC STATION LAKE PLACID NY 34.74 USD @ 1.204951065**	Foreign Currency Transactions	41.86
Mar 17	Mar 20	ESSO HWY 401 3962 UNIT 1 NEWCASTLE ON	Transportation	60.65
Mar 20	Mar 21	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	142.67
Mar 20	Mar 21	BOSTON PIZZA #444 OAKVILLE ON	Restaurants	45.58
<b>Total for 4500 6001 0138 5411</b>				<b>\$5,076.59</b>










### Card number 4500 6200 0031 1425

Feb 21	Feb 23	LCBO/RAO #0371 MISSISSAUGA ON	Retail and Grocery	26.10
Feb 21	Feb 23	ESSO 2688 DUNDAS ST. W. MISSISSAUGA ON	Transportation	31.00
Feb 22	Feb 23	SPAORT CHEK #388 OAKVILLE ON	Hotel, Entertainment and Recreation	37.09
Feb 22	Feb 23	IL FORNELLO OAKVILLE ON	Restaurants	55.01
Feb 22	Feb 26	N6YNT2H ON BADMINTON ASSC 1888-955-5455BC	Personal and Household Expenses	25.00
Feb 22	Feb 26	HMV #812 OAKVILLE ON	Hotel, Entertainment and Recreation	28.50
Feb 23	Feb 26	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	143.26
Feb 23	Feb 26	WHOLE FOODS MARKET OAKVILLE ON	Retail and Grocery	73.02
Feb 23	Feb 26	SHOPPERS DRUG MART0706 OAKVILLE ON	Health and Education	23.35
Feb 24	Feb 28	BROWN'S SPORTS AND CYCLE TORONTO ON	Hotel, Entertainment and Recreation	114.00
Feb 24	Feb 28	BROWN'S SPORTS AND CYCLE TORONTO ON	Hotel, Entertainment and Recreation	102.60
Feb 25	Feb 27	ESSO 332 STEELES AVE E HORNBY ON	Transportation	30.75
Feb 27	Feb 28	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	387.78
Mar 03	Mar 05	407ETR WOODBRIDGE ON	Personal and Household Expenses	31.99
Mar 05	Mar 06	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	66.78
Mar 06	Mar 08	ESSO 1765 LAKESHORE RD. MISSISSAUGA ON	Transportation	55.02
Mar 08	Mar 12	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	33.20
Mar 15	Mar 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	313.59
Mar 15	Mar 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	344.76
Mar 15	Mar 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	288.94
Mar 21	Mar 22	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	387.78
<b>Total for 4500 6200 0031 1425</b>				<b>\$2,599.52</b>

\*\* Denotes transaction in foreign currency



## CIBC CreditSmart™ Spend Report

Spend Categories	This month				Year-to-date	
	Transactions	Amount(\$)	Budget (\$)	Difference (\$)	Transactions	Amount (\$)
 Personal and Household Expenses	5	476.48	-	-	13	1,771.67
 Professional and Financial Services	4	976.30	-	-	13	2,961.47
 Retail and Grocery	4	228.91	-	-	21	7,014.91
 Transportation	9	381.44	-	-	38	3,522.35
 Hotel, Entertainment and Recreation	15	3,248.39	-	-	29	5,202.90
 Restaurants	9	609.93	-	-	30	1,670.78
 Home and Office Improvement	2	624.68	-	-	11	1,156.26
 Health and Education	2	164.35	-	-	8	1,610.19
 Foreign Currency Transactions	6	965.63	-	-	10	1,610.30
<b>Total</b>	<b>56</b>	<b>7,676.11</b>			<b>173</b>	<b>\$26,520.83</b>

Transactions are assigned a spend category based on where the goods or services are purchased, not on what was purchased. For example, items purchased at a convenience store in a gas station will appear under Transportation, not Retail and Grocery.

A negative difference (-) means you spent more than you budgeted.

	Amount(\$)	Budget (\$)	Difference (\$)
 Total Monthly Budget	7,676.11	-	-

## Your message centre

Need an extra credit card for friends or family members? Extend the benefits of being a CIBC VISA cardholder by requesting additional credit cards. For details call 1-800-465-4653 today!

With Aeroplan's ClassicPlus Flight Rewards, you now have access to every available seat on Air Canada and Air Canada jazz flights in Economy and Executive Class. ClassicPlus Flight Rewards are eligible on e-ticket destinations only; additional Aeroplan Miles may be required.

Use your VISA card at any grocery store or supermarket in Canada between March 1- May 31, 2007 and you could Win Groceries for a Year. No purchase necessary. Call 1-866-641-3339 or visit [visa.ca](http://visa.ca) for contest and prize details.

March is Fraud Prevention Month. Visit [www.cibc.com](http://www.cibc.com) for tips on how to recognize, report and stop fraud.





# CIBC Aerogold® Visa\*

## Your account at a glance

Previous balance		\$7,676.11
Payments	\$0.00	
Other credits	0.00	
Total credits	+	\$0.00
Purchases	7,512.50	
Cash advances	0.00	
Interest	245.13	
Fees	0.00	
Total charges	+	\$7,757.63
New balance	=	\$15,433.74

## Your payment due

▼ Your account is past due. As a result, your payment consists of the following two amounts that are due at different times.

1. Amount past due		\$230.00
Please pay this amount immediately		
2. Current month's minimum payment	+	\$324.00
Please pay this amount by May 18, 2007		
Your total payment due	=	\$554.00

## CHRIS K JARRATT

### Account number

4500 6001 0138 5411

### April statement period

March 23 to April 22, 2007

### Contact us

Inquiries 1-800-465-4653  
Lost/Stolen 1-800-663-4575  
Fax 1-800-897-0551  
TTY 1-877-331-3338  
Write PO BOX 4058, STN A  
Toronto ON M5W 1L8

## Credit summary

Your credit limit	\$30,000.00
Your available credit	\$14,566.26

## Interest rates

	Annual	Daily
Regular purchases	19.50%	0.05342%
Cash advances	19.50%	0.05342%

## Aeroplan® Miles summary

### This statement

Earned on net card purchases	+	7532
Mileage Multiplier	+	277
Total Aeroplan Miles sent to	=	7809
Aeroplan acct 515 414 886		



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## CIBC Aerogold Visa

### Payment options

- Online Banking: [www.cibc.com](http://www.cibc.com)
  - Telephone Banking: 1-800-465-CIBC (2422)
  - CIBC bank machines and most financial institutions
  - Mail: Return completed slip with your cheque or money order payable to CIBC.
- For general inquiries call 1-800-465-4653.

Account number 4500 6001 0138 5411

New balance \$15,433.74

▼ Amount due immediately \$230.00

Current month's minimum payment due by  
**May 18, 2007** \$324.00

Your total payment due \$554.00

Total payment enclosed \$

000346 12(E)  
CHRIS K JARRATT  
123 MORRISON RD  
OAKVILLE ON L6J 4J3

071374

CIBC  
PO BOX 4595, STATION A  
TORONTO ON M5W 4X9

00004500600101385411000000154337400000000324000



# Transactions from March 23 to April 22, 2007

## Your interest

Trans date	Post date	Description	Annual interest rate	Amount(\$)
Apr 22	Apr, 22	REGULAR PURCHASES	19.50%	245.13
Total interest this period				\$245.13

## Your new charges and credits

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
Mar 21	Mar 23	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	44.47
Mar 22	Mar 26	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	29.94
Mar 24	Mar 27	THE GLOBE AND MAIL TORONTO ON	Professional and Financial Services	30.96
Mar 25	Mar 27	ESSO 61 MAIN STREET ERIN ON	Transportation	68.00
Mar 29	Apr 02	ST LOUIS BAR AND GRILL OAKVILLE ON	Restaurants	39.63
Mar 31	Apr 02	RONA ONTARIO OAKVL #31010 OAKVILLE ON	Home and Office Improvement	36.43
Mar 31	Apr 02	JENSEN & SONS TIRE SERVICE OAKVILLE ON	Transportation	692.70
Mar 31	Apr 03	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	50.05
Mar 31	Apr 03	WEST MARINE 3908 OAKVILLE ON	Transportation	68.25
Apr 01	Apr 02	407ETR WOODBRIDGE ON	Personal and Household Expenses	21.65
Apr 02	Apr 04	SNUG HARBOUR SEAFOOD BAR MISSISSAUGA ON	Restaurants	56.51
Apr 02	Apr 04	SHOPPERS DRUG MART 0695 CLARKSON ON	Health and Education	99.16
Apr 04	Apr 05	HALTON CHIROPRACTIC CLINIC OAKVILLE ON	Health and Education	75.00
Apr 04	Apr 09	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	50.89
Apr 05	Apr 09	LATITUDE 31 JEKYLL ISLAND GA 240.93 USD @ 1.180425850**	Foreign Currency Transactions	284.40
Apr 05	Apr 10	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	34.94
Apr 06	Apr 09	JEKYLL ISLAND TENNIS CENT JEKYLL ISLAND GA 31.00 USD @ 1.180645161**	Foreign Currency Transactions	36.60
Apr 06	Apr 09	JEKYLL ISLAND BEACHWEA SAINT SIMONS GA 37.10 USD @ 1.180862534**	Foreign Currency Transactions	43.81
Apr 07	Apr 09	ZACHRY'S SEAFOOD JEKYLL ISLAND GA 118.62 USD @ 1.180829540**	Foreign Currency Transactions	140.07
Apr 07	Apr 09	RUBY TUESDAY #4309 DARIEN GA 32.55 USD @ 1.180952381**	Foreign Currency Transactions	38.44
Apr 08	Apr 09	AEGISMANAGE 800-592-1195 GA 189.99 USD @ 1.180798989**	Foreign Currency Transactions	224.34

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## Information about your CIBC Aerogold Visa account

If you find an error in this statement you must tell us within 30 days of the last day of the statement period shown on the front of this statement. If you do not, we may regard this statement as final (except for credits which have been posted in error).

**How we charge interest:** a) On purchases: For non-Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance by the payment due date and we have received payment for the full Balance shown on your previous monthly statement by the payment due date. For Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance on this statement by the payment due date. Regardless of residency, if interest is charged on a New Purchase, it will be charged from the transaction date until we receive a payment which covers the New Purchase.

b) On Cash Advances, Convenience Cheques and Balance Transfers: Interest is charged on Cash Advances beginning on the day they are taken. For Balance Transfers and Convenience Cheques, interest is charged beginning on the day these are posted to your Visa Account. We stop charging interest on Cash Advances, Balance Transfers and Convenience Cheques on the day we receive a payment which covers the amount of the transaction in question in accordance with the Cardholder Agreement.

**Payment period extensions:** If we did not receive full payment of the Balance on your last monthly statement, your payment due date was automatically extended this month by 5 days to give you extra time to make your payment. Interest will continue to accrue for the extended period. When we receive your full Balance, your payment due date will change back to your regular payment due date.

\*\*Foreign currency transactions are charged the same conversion rate CIBC is required to pay plus an administration fee of 2.5% of the converted amount. This fee applies to both credits and debits.

For more information, please refer to the CIBC Visa Cardholder Agreement.

\* Visa Int. CIBC and Aeroplan LP, lic. users

TM Trade-mark of CIBC

® Aerogold and Aeroplan are registered trade-marks of Aeroplan LP. CIBC is an authorized licensee of the marks.





Prepared for: CHRIS K JARRATT March 23 to April 22, 2007 Account number: 4500 6001 0138 5411

### Your new charges and credits (continued)

Trans date	Post date	Description	Spend Categories	Amount(\$)
<b>Card number 4500 6001 0138 5411</b>				
Apr 09	Apr 11	CF TD TOWER PARKING TORONTO ON	Retail and Grocery	7.00
Apr 10	Apr 11	JEKYLL ISLAND CLUB HOTEL JEKYLL ISLANDGA 2,262.33 USD @ 1.176981254**	Foreign Currency Transactions	2,662.72
Apr 11	Apr 12	HALTON CHIROPRACTIC CLINIOAKVILLE ON	Health and Education	95.00
Apr 11	Apr 13	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	50.01
Apr 12	Apr 13	JEKYLL ISLAND CLUB HOTEL JEKYLL ISLANDGA 2.83 USD @ 1.166077739**	Foreign Currency Transactions	3.30
Apr 12	Apr 13	BOSTON PIZZA #444 OAKVILLE ON	Restaurants	53.14
Apr 13	Apr 16	ENGLISH BAY FISH & CHI OAKVILLE ON	Restaurants	41.00
Apr 14	Apr 16	JUBILEE FRUIT MARKET OAKVILLE ON	Retail and Grocery	25.07
Apr 14	Apr 16	MCKINNON TIM-BR MART#256 HILLSBURGH ON	Home and Office Improvement	77.50
Apr 14	Apr 17	ESSO 8396 WELLINGTON RD. GUELPH ON	Transportation	48.50
Apr 15	Apr 16	OLIVER'S STEAK HOUSE OAKVILLE ON	Restaurants	447.02
Apr 15	Apr 18	THE KING'S ARMS OAKVILLE ON	Restaurants	249.87
Apr 16	Apr 19	MILETONE'S ERIN MILL MISSISSAUGA ON	Restaurants	100.93
Apr 17	Apr 19	ESSO 1765 LAKESHORE RD. MISSISSAUGA ON	Transportation	40.03
Apr 18	Apr 19	ENTERPRISE RENT-A-CAR BRUNSWICK GA 474.32 USD @ 1.157467532**	Foreign Currency Transactions	549.01
<b>Total for 4500 6001 0138 5411</b>				<b>\$6,616.34</b>
<b>Card number 4500 6200 0031 1425</b>				
Apr 05	Apr 09	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	49.46
Apr 16	Apr 17	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	297.96
Apr 16	Apr 17	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	211.10
Apr 16	Apr 17	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	289.06
Apr 19	Apr 20	ONTARIO RACQUET CLUB MISSISSAUGA ON	Hotel, Entertainment and Recreation	48.58
<b>Total for 4500 6200 0031 1425</b>				<b>\$896.16</b>

\*\* Denotes transaction in foreign currency



\*0202061060\*



## CIBC CreditSmart™ Spend Report

Spend Categories	This month				Year-to-date	
	Transactions	Amount(\$)	Budget (\$)	Difference (\$)	Transactions	Amount (\$)
Personal and Household Expenses	1	21.65	-	-	14	1,793.32
Professional and Financial Services	4	829.08	-	-	17	3,790.55
Retail and Grocery	2	32.07	-	-	23	7,046.98
Transportation	11	1,177.78	-	-	49	4,700.13
Hotel, Entertainment and Recreation	2	98.04	-	-	31	5,300.94
Restaurants	7	988.10	-	-	37	2,658.88
Home and Office Improvement	2	113.93	-	-	13	1,270.19
Health and Education	3	269.16	-	-	11	1,879.35
Foreign Currency Transactions	9	3,982.69	-	-	19	5,592.99
<b>Total</b>	<b>41</b>	<b>7,512.50</b>			<b>214</b>	<b>\$34,033.33</b>

Transactions are assigned a spend category based on where the goods or services are purchased, not on what was purchased. For example, items purchased at a convenience store in a gas station will appear under Transportation, not Retail and Grocery.

A negative difference (-) means you spent more than you budgeted.

	Amount(\$)	Budget (\$)	Difference (\$)
Total Monthly Budget	7,512.50	-	-

## Your message centre

Our records indicate that we did not receive your payment when this statement was prepared. Kindly remit your payment today to ensure you have continued access to credit. If you have any questions, please contact us at 1-800-465-4653.

To find out how to receive CIBC VISA Email communications, visit [www.cibccards.com/email](http://www.cibccards.com/email)

NEW...for the Mileage Multiplier Program Now, on your monthly statement you can see the bonus Aeroplan Miles earned on grocery, gas and drugstore purchases under your Aeroplan Miles Summary in the Mileage Multiplier line. Visit [www.cibccards.com/moremiles](http://www.cibccards.com/moremiles) for details about this program.

Use your VISA card at any grocery store or supermarket in Canada between March 1- May 31, 2007 and you could Win Groceries for a Year. No purchase necessary. Call 1-866-641-3339 or visit [visa.ca](http://visa.ca) for contest and prize details.

Use your VISA card & you could WIN a \$5,000 Shopping Spree. No purchase necessary. Visit [visaperks.ca](http://visaperks.ca) for rules.





# CIBC Aerogold® Visa®

## Your account at a glance

<b>Previous balance</b>		<b>\$15,433.74</b>
Payments	\$0.00	
Other credits	0.00	
<b>Total credits</b>		<b>+</b> <b>\$0.00</b>
Purchases	7,507.34	
Cash advances	0.00	
Interest	298.99	
Fees	0.00	
<b>Total charges</b>		<b>+</b> <b>\$7,806.33</b>
<b>New balance</b>		<b>=</b> <b>\$23,240.07</b>

## Your payment due

▼ Your account is past due. As a result, your payment consists of the following two amounts that are due at different times.

<b>1. Amount past due</b>	<b>\$554.00</b>
Please pay this amount <b>immediately</b>	
<b>2. Current month's minimum payment</b>	<b>+</b> <b>\$488.00</b>
Please pay this amount by <b>Jun 17, 2007</b>	
<b>Your total payment due</b>	<b>=</b> <b>\$1,042.00</b>

## CHRIS K JARRATT

**Account number**  
4500 6001 0138 5411

**May statement period**  
April 23 to May 22, 2007

### Contact us

Inquiries 1-800-465-4653  
Lost/Stolen 1-800-663-4575  
Fax 1-800-897-0551  
TTY 1-877-331-3338  
Write PO BOX 4058, STN A  
Toronto ON M5W 1L8

### Credit summary

Your credit limit \$30,000.00  
Your available credit \$6,759.93

### Interest rates

	Annual	Daily
Regular purchases	19.50%	0.05342%
Cash advances	19.50%	0.05342%

### Aeroplan® Miles summary

#### This statement

Earned on net card purchases	+	7526
Mileage Multiplier	+	342
<b>Total Aeroplan Miles sent to</b>	<b>=</b>	<b>7868</b>
Aeroplan acct 515 414 886		

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Please turn over - Transactions begin on page 2

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## CIBC Aerogold Visa

### Payment options

- Online Banking: [www.cibc.com](http://www.cibc.com)
  - Telephone Banking: 1-800-465-CIBC (2422)
  - CIBC bank machines and most financial institutions
  - Mail: Return completed slip with your cheque or money order payable to CIBC.
- For general inquiries call 1-800-465-4653.

Account number	4500 6001 0138 5411
New balance	\$23,240.07
▼ Amount due immediately	\$554.00
Current month's minimum payment due by	
<b>Jun 17, 2007</b>	<b>\$488.00</b>
Your total payment due	\$1,042.00
Total payment enclosed	\$

000249 12(P)  
CHRIS K JARRATT  
123 MORRISON RD  
OAKVILLE ON L6J 4J3

060482

CIBC  
PO BOX 4595, STATION A  
TORONTO ON M5W 4X9

00004500600101385411000000232400700000000488002



# Transactions from April 23 to May 22, 2007

## Your interest

Trans date	Post date	Description	Annual interest rate	Amount(\$)
May 22	May 22	REGULAR PURCHASES	19.50%	298.99
Total interest this period				\$298.99

## Your new charges and credits

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
Apr 20	Apr 23	WHITE OAKS-TENNIS WORLD NOTL ON	Personal and Household Expenses	25.57
Apr 21	Apr 23	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	252.28
Apr 21	Apr 24	ESSO 8473 HIGHWAY 25 NORTHMILTON ON	Transportation	47.90
Apr 21	Apr 24	ESSO 332 STEELES AVE E HORNBY ON	Transportation	40.01
Apr 23	Apr 25	THE HOME DEPOT #7157 OAKVILLE ON	Home and Office Improvement	1.85
Apr 24	Apr 25	MAPLEGROVE HM HWY #1260-90 OAKVILLE ON	Home and Office Improvement	50.14
Apr 24	Apr 26	THE HOME DEPOT #7003 OAKVILLE ON	Home and Office Improvement	83.93
Apr 24	Apr 26	SHOPPERS DRUG MART0706 OAKVILLE ON	Health and Education	19.92
Apr 26	Apr 27	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	30.16
Apr 27	Apr 30	FORGET ME NOT FLOWER O OAKVILLE ON	Retail and Grocery	45.60
Apr 28	May 01	THE GLOBE AND MAIL TORONTO ON	Professional and Financial Services	30.96
Apr 29	Apr 30	THE MERCHANT OF TENNIS OAKVILLE ON	Hotel, Entertainment and Recreation	159.60
Apr 29	May 01	ESSO 332 STEELES AVE E HORNBY ON	Transportation	50.81
Apr 30	May 02	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	49.99
May 01	May 02	407ETR WOODBRIDGE ON	Personal and Household Expenses	41.11
May 01	May 02	JACK ASTOR'S VEGA BLVD MISSISSAUGA ON	Restaurants	36.40
May 01	May 02	MICHAELS OF CANADA #34 OAKVILLE ON	Retail and Grocery	23.91
May 01	May 03	WE ENTERPRISES LTD MISSISSAUGA ON	Home and Office Improvement	500.00
May 02	May 03	HALTON CHIROPRACTIC CLINIC OAKVILLE ON	Health and Education	75.00
May 03	May 04	DR STEVEN BARKER OAKVILLE ON	Health and Education	750.00
May 03	May 07	ST LOUIS BAR AND GRILL OAKVILLE ON	Restaurants	60.30
May 03	May 07	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	34.50
May 03	May 07	SMITTY'S RESTAURANT BURLINGTON ON	Restaurants	60.84
May 03	May 07	SHOPPERS DRUG MART0706 OAKVILLE ON	Health and Education	25.51
May 04	May 08	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	40.04
May 05	May 08	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	56.99

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## Information about your CIBC Aerogold Visa account

If you find an error in this statement you must tell us within 30 days of the last day of the statement period shown on the front of this statement. If you do not, we may regard this statement as final (except for credits which have been posted in error).

**How we charge interest:** a) **On purchases:** For non-Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance by the payment due date and we have received payment for the full Balance shown on your previous monthly statement by the payment due date. For Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance on this statement by the payment due date. Regardless of residency, if interest is charged on a New Purchase, it will be charged from the transaction date until we receive a payment which covers the New Purchase.

b) **On Cash Advances, Convenience Cheques and Balance Transfers:** Interest is charged on Cash Advances beginning on the day they are taken. For Balance Transfers and Convenience Cheques, interest is charged beginning on the day these are posted to your Visa Account. We stop charging interest on Cash Advances, Balance Transfers and Convenience Cheques on the day we receive a payment which covers the amount of the transaction in question in accordance with the Cardholder Agreement.

**Payment period extensions:** If we did not receive full payment of the Balance on your last monthly statement, your payment due date was automatically extended this month by 5 days to give you extra time to make your payment. Interest will continue to accrue for the extended period. When we receive your full Balance, your payment due date will change back to your regular payment due date.

\*\* Foreign currency transactions are charged the same conversion rate CIBC is required to pay plus an administration fee of 2.5% of the converted amount. This fee applies to both credits and debits.

For more information, please refer to the CIBC Visa Cardholder Agreement.

\* Visa Int'l / CIBC and Aeroplan LP, Inc. users

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Prepared for: CHRIS K JARRATT April 23 to May 22, 2007 Account number: 4500 6001 0138 5411

## Your new charges and credits (continued)

Trans date	Post date	Description	Spend Categories	Amount(\$)
<b>Card number 4500 6001 0138 5411</b>				
May 05	May 09	U-HAUL-ROYAL-WINDSOR #83 MISSISSAUGA ON	Professional and Financial Services	14.00
May 07	May 09	CITY GRILL TORONTO ON	Restaurants	85.35
May 08	May 09	IMPARK Parking07/05 17 Toronto ON	Transportation	13.00
May 09	May 10	HALTON CHIROPRACTIC CLINIOAKVILLE ON	Health and Education	114.00
May 09	May 10	THE MERCHANT OF TENNIS OAKVILLE ON	Hotel, Entertainment and Recreation	38.73
May 09	May 11	PROVONT MTO LICENSING 084OAKVILLE ON	Transportation	380.00
May 10	May 14	1OLF TOWN CANADA MISSISSAUGA ON	Hotel, Entertainment and Recreation	307.80
May 10	May 14	ESSO 332 STEELES AVE E HORNBY ON	Transportation	40.11
May 11	May 15	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	40.50
May 12	May 15	ESSO 61 MAIN STREET ERIN ON	Transportation	39.00
May 12	May 15	ESSO 8396 WELLINGTON RD. GUELPH ON	Transportation	66.55
May 12	May 15	ESSO 2319 HWY 11 S RR 1 GRAVENHURST ON	Transportation	30.23
May 12	May 16	VILLAGE MUSIC STORE ERIN ON	Retail and Grocery	56.95
May 12	May 16	THE OTHER BROTHER'S REST GUELPH ON	Restaurants	176.42
May 13	May 16	CRAZEE'S AT 282 ERIN ON	Restaurants	83.68
May 14	May 15	FUTURE SHOP #72 OAKVILLE ON	Home and Office Improvement	102.59
May 15	May 17	DISTRESS CENTRES TORONTO ON	Professional and Financial Services	50.00
May 15	May 17	HENRY'S (OAKVILLE) OAKVILLE ON	Retail and Grocery	1,122.85
May 16	May 17	SWISS CHALET OAKVILLE ON	Restaurants	33.58
May 16	May 18	GLENLEVEN CHRYSLER OAKVILLE ON	Transportation	1,705.27
May 16	May 18	THE BANKNOTE BAR AND TORONTO ON	Restaurants	67.73
May 17	May 22	SHELL 2680 SHERIDAN GARDEOAKVILLE ON	Transportation	52.24
May 17	May 22	CDN TIRE STORE #00424 OAKVILLE ON	Home and Office Improvement	96.31
May 20	May 22	MUNDELL LBR CO 1081-9 ERIN ON	Home and Office Improvement	197.13
<b>Total for 4500 6001 0138 5411</b>				<b>\$7,507.34</b>

## CIBC CreditSmart™ Spend Report

Spend Categories	This month				Year-to-date	
	Transactions	Amount(\$)	Budget (\$)	Difference (\$)	Transactions	Amount (\$)
Personal and Household Expenses	3	318.96	-	-	17	2,112.28
Professional and Financial Services	3	94.96	-	-	20	3,885.51
Retail and Grocery	4	1,249.31	-	-	27	8,296.29
Transportation	17	2,717.30	-	-	66	7,417.43
Hotel, Entertainment and Recreation	3	506.13	-	-	34	5,807.07
Restaurants	8	604.30	-	-	45	3,263.18
Home and Office Improvement	7	1,031.95	-	-	20	2,302.14
Health and Education	5	984.43	-	-	16	2,863.78
Foreign Currency Transactions	0	0.00	-	-	19	5,592.99
<b>Total</b>	<b>50</b>	<b>7,507.34</b>			<b>264</b>	<b>\$41,540.67</b>

Transactions are assigned a spend category based on where the goods or services are purchased, not on what was purchased. For example, items purchased at a convenience store in a gas station will appear under Transportation, not Retail and Grocery.

A negative difference (-) means you spent more than you budgeted.

	Amount(\$)	Budget (\$)	Difference (\$)
<b>Total Monthly Budget</b>	<b>7,507.34</b>	-	-



## Your message centre

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Important Notice: Your account is past due and may be suspended. Kindly make an immediate payment for the past due amount to ensure you have continued access to credit. If you have any questions, please contact us at 1-800-465-4653.





# CIBC Aerogold® Visa\*

## Your account at a glance

<b>Previous balance</b>		<b>\$23,240.07</b>
Payments	\$23,649.08	
Other credits	103.15	
<b>Total credits</b>		<b>\$23,752.23</b>
Purchases	13,688.84	
Cash advances	0.00	
Interest	0.00	
Fees	0.00	
<b>Total charges</b>		<b>+ \$13,688.84</b>
<b>New balance</b>		<b>= \$13,176.68</b>

## Your payment due

**Current month's minimum payment** **\$276.00**  
Please pay this amount by **Jul 13, 2007**

## CIBC CreditSmart

Manage your credit card spending in the ways that are right for you! With the CIBC CreditSmart Spend Report, you can set budgets and Spend Alerts for up to 10 spend categories or for the total amount you want to spend on your CIBC VISA Card each month. To learn more visit [www.cibccreditsmart.com](http://www.cibccreditsmart.com) today!

**CHRIS K JARRATT**

**Account number**  
4500 6001 0138 5411

**June statement period**  
May 23 to June 22, 2007

**Contact us**  
Inquiries 1-800-465-4653  
Lost/Stolen 1-800-663-4575  
Fax 1-800-897-0551  
TTY 1-877-331-3338  
Write PO BOX 4058, STN A  
Toronto ON M5W 1L8

## Credit summary

**Your credit limit** **\$30,000.00**  
**Your available credit** **\$16,823.32**

<b>Interest rates</b>	<b>Annual</b>	<b>Daily</b>
Regular purchases	19.50%	0.05342%
Cash advances	19.50%	0.05342%

## Aeroplan® Miles summary

**This statement**  
Earned on net card purchases + 13586  
Mileage Multiplier + 286  
**Total Aeroplan Miles sent to = 13872**  
**Aeroplan acct 515 414 886**



\*0201639884\*



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Please turn over - Transactions begin on page 2

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## CIBC Aerogold Visa

### Payment options

- Online Banking: [www.cibc.com](http://www.cibc.com)
  - Telephone Banking: 1-800-465-CIBC (2422)
  - CIBC bank machines and most financial institutions
  - Mail: Return completed slip with your cheque or money order payable to CIBC.
- For general inquiries call 1-800-465-4653.

**Account number** 4500 6001 0138 5411  
**New balance** **\$13,176.68**  
**Current month's minimum payment due by Jul 13, 2007** **\$276.00**  
**Total payment enclosed** \$ \_\_\_\_\_

000502 12(H)  
CHRIS K JARRATT  
123 MORRISON RD  
OAKVILLE ON L6J 4J3

093373

CIBC  
PO BOX 4595, STATION A  
TORONTO ON M5W 4X9

00004500600101385411000000131766800000000276006



# Transactions from May 23 to June 22, 2007

## Your payments

Trans date	Post date	Description	Amount(\$)
May 23	May 24	ROYAL BANK OF CANADA TORONTO	23,649.08
Total payments			\$23,649.08

## Your new charges and credits

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
May 18	May 23	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	40.08
May 19	May 23	ESSO 6788 REGIONAL RD 25 MILTON ON	Transportation	28.54
May 19	May 23	ED STEWART'S GARAGE EQUIPERIN ON	Transportation	61.13
May 19	May 24	TROY'S DINER INC MILTON ON	Restaurants	27.96
May 20	May 23	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	19.98
May 22	May 24	WEST MARINE 3908 OAKVILLE ON	Transportation	180.95
May 22	May 24	MR. GREEK - OAKVILLE OAKVILLE ON	Restaurants	36.13
May 23	May 25	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	50.04
May 24	May 28	CDN TIRE STORE #00424 OAKVILLE ON	Home and Office Improvement	-62.12
May 25	May 28	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	165.76
May 26	May 29	THE GLOBE AND MAIL TORONTO ON	Professional and Financial Services	30.96
May 26	May 30	WEST MARINE 3908 OAKVILLE ON	Transportation	-41.03
May 26	May 30	WEST MARINE 3908 OAKVILLE ON	Transportation	364.32
May 27	May 28	SUNYS #56990 GEORGETOW GEORGETOWN ON	Transportation	71.00
May 28	May 29	FUTURE SHOP #72 OAKVILLE ON	Home and Office Improvement	1,358.14
May 28	May 29	CDN CANCER SOC ON TORONTO ON	Personal and Household Expenses	500.00
May 29	Jun 01	MILETONE'S ERIN MILL MISSISSAUGA ON	Restaurants	71.25
May 30	May 31	STAPLES STORE #78 OAKVILLE ON	Retail and Grocery	90.88
May 30	Jun 01	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	44.14
May 30	Jun 01	LOOMIS ART STORE OAKVILLE ON	Retail and Grocery	38.42
May 31	Jun 01	407ETR WOODBRIDGE ON	Personal and Household Expenses	126.05
May 31	Jun 04	THE HOME DEPOT #7157 OAKVILLE ON	Home and Office Improvement	64.15
Jun 01	Jun 04	PISCES AUTOMARINE LTD OAKVILLE ON	Hotel, Entertainment and Recreation	35.12
Jun 01	Jun 04	DORSET TIM-BR MART#178 DORSET ON	Home and Office Improvement	671.19
Jun 01	Jun 04	OLIVER'S STEAK HOUSE OAKVILLE ON	Restaurants	309.04
Jun 01	Jun 05	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	26.91

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## Information about your CIBC Aerogold Visa account

If you find an error in this statement you must tell us within 30 days of the last day of the statement period shown on the front of this statement. If you do not, we may regard this statement as final (except for credits which have been posted in error).

**How we charge interest:** a) **On purchases:** For non-Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance by the payment due date and we have received payment for the full Balance shown on your previous monthly statement by the payment due date. For Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance on this statement by the payment due date. Regardless of residency, if interest is charged on a New Purchase, it will be charged from the transaction date until we receive a payment which covers the New Purchase.

b) **On Cash Advances, Convenience Cheques and Balance Transfers:** Interest is charged on Cash Advances beginning on the day they are taken. For Balance Transfers and Convenience Cheques, interest is charged beginning on the day these are posted to your Visa Account. We stop charging interest on Cash Advances, Balance Transfers and Convenience Cheques on the day we receive a payment which covers the amount of the transaction in question in accordance with the Cardholder Agreement.

**Payment period extensions:** If we did not receive full payment of the Balance on your last monthly statement, your payment due date was automatically extended this month by 5 days to give you extra time to make your payment. Interest will continue to accrue for the extended period. When we receive your full Balance, your payment due date will change back to your regular payment due date.

\*\* Foreign currency transactions are charged the same conversion rate CIBC is required to pay plus an administration fee of 2.5% of the converted amount. This fee applies to both credits and debits.

For more information, please refer to the CIBC Visa Cardholder Agreement.

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Prepared for: CHRIS K JARRATT May 23 to June 22, 2007 Account number: 4500 6001 0138 5411










### Your new charges and credits (continued)

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
Jun 02	Jun 05	ESSO 332 STEELES AVE E HORNBY ON	Transportation	50.01
Jun 02	Jun 05	WEST MARINE 3908 OAKVILLE ON	Transportation	60.17
Jun 03	Jun 05	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	48.88
Jun 03	Jun 05	WEST MARINE 3908 OAKVILLE ON	Transportation	33.04
Jun 04	Jun 11	CROMBIE DEVELOPMENTS HALIFAX NS	Transportation	9.00
Jun 05	Jun 06	HERTZ RENT A CAR DEER LAKE NL	Transportation	202.95
Jun 05	Jun 06	DEER LAKE MOTEL LTD DEER LAKE NL	Hotel, Entertainment and Recreation	137.03
Jun 05	Jun 11	CDN TIRE STORE #00424 OAKVILLE ON	Home and Office Improvement	70.65
Jun 06	Jun 08	WEST MARINE 3908 OAKVILLE ON	Transportation	165.03
Jun 07	Jun 08	DR RON BELL OAKVILLE ON	Health and Education	189.00
Jun 07	Jun 11	THE STORE MASON'S CHANDLEMISSISSAUGA ON	Professional and Financial Services	60.32
Jun 07	Jun 11	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	68.10
Jun 08	Jun 11	HALTON CHIROPRACTIC CLINIOAKVILLE ON	Health and Education	33.00
Jun 08	Jun 11	BOSTON PIZZA #444 OAKVILLE ON	Restaurants	42.34
Jun 08	Jun 11	MR. GREEK - OAKVILLE OAKVILLE ON	Restaurants	56.39
Jun 08	Jun 13	WEST MARINE 3908 OAKVILLE ON	Transportation	49.00
Jun 09	Jun 11	SUNOCO 25 MAIN STREET HILLSBURG ON	Transportation	50.04
Jun 09	Jun 13	THAI CHEF RESTAURANT OAKVILLE ON	Restaurants	123.19
Jun 10	Jun 12	SHOPPERS DRUG MART0706 OAKVILLE ON	Health and Education	56.99
Jun 10	Jun 13	WEST MARINE 3908 OAKVILLE ON	Transportation	25.40
Jun 11	Jun 12	ED STEWART'S GARAGE EQUIPERIN ON	Transportation	222.30
Jun 12	Jun 14	VLACHOS EMMANOUIL ATHINA	Foreign Currency Transactions	103.01
		70.60 EUR @ 1.459065156**		
Jun 13	Jun 15	IONOS ATHENS	Foreign Currency Transactions	68.40
		46.90 EUR @ 1.458422175**		
Jun 15	Jun 18	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	422.10
Jun 15	Jun 18	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	578.12
Jun 15	Jun 18	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	595.94
Jun 15	Jun 18	KASTRO KAFE SANTORINI	Foreign Currency Transactions	76.78
		52.50 EUR @ 1.462476190**		
Jun 15	Jun 18	KASTRO KAFE SANTORINI	Foreign Currency Transactions	10.97
		7.50 EUR @ 1.462666667**		
Jun 16	Jun 18	YORE TURIZM VE HALICIL MUGLA	Foreign Currency Transactions	4,704.14
		4,300.00 USD @ 1.093986047**		
Jun 16	Jun 18	KERVANSARAY OTEL TIC LTD AYDIN	Foreign Currency Transactions	203.49
		245.00 TRY @ 0.830571429**		
Jun 16	Jun 18	PARIS KUYUMCULUK AYDIN	Foreign Currency Transactions	391.21
		471.00 TRY @ 0.830594480**		
Jun 16	Jun 18	ALDEMO DERI KONF SAN AYDIN	Foreign Currency Transactions	83.06
		100.00 TRY @ 0.830600000**		
Jun 19	Jun 21	RIST. O'CANONICO PIZZ.AURSORRENTO	Foreign Currency Transactions	140.98
		96.00 EUR @ 1.468541667**		
Jun 20	Jun 21	RISORGIMENTO INTERPRIS ROMA	Foreign Currency Transactions	79.30
		54.00 EUR @ 1.468518519**		
Jun 20	Jun 22	FOTOLANDIA 97 ROMA	Foreign Currency Transactions	66.37
		45.00 EUR @ 1.474888889**		
Total for 4500 6001 0138 5411				\$13,585.69

\*\* Denotes transaction in foreign currency



## CIBC CreditSmart™ Spend Report

Spend Categories	This month				Year-to-date	
	Transactions	Amount(\$)	Budget (\$)	Difference (\$)	Transactions	Amount (\$)
 Personal and Household Expenses	3	791.81	-	-	20	2,904.09
 Professional and Financial Services	5	1,687.44	-	-	25	5,572.95
 Retail and Grocery	2	129.30	-	-	29	8,425.59
 Transportation	23	1,829.98	-	-	89	9,247.41
 Hotel, Entertainment and Recreation	2	172.15	-	-	36	5,979.22
 Restaurants	7	666.30	-	-	52	3,929.48
 Home and Office Improvement	5	2,102.01	-	-	25	4,404.15
 Health and Education	3	278.99	-	-	19	3,142.77
 Foreign Currency Transactions	11	5,927.71	-	-	30	11,520.70
<b>Total</b>	<b>61</b>	<b>13,585.69</b>			<b>325</b>	<b>\$55,126.36</b>

Transactions are assigned a spend category based on where the goods or services are purchased, not on what was purchased. For example, items purchased at a convenience store in a gas station will appear under Transportation, not Retail and Grocery.

A negative difference (-) means you spent more than you budgeted.

	Amount(\$)	Budget (\$)	Difference (\$)
 <b>Total Monthly Budget</b>	13,585.69	-	-

## Your message centre

To find out how to receive CIBC VISA Email communications, visit [www.cibccards.com/email](http://www.cibccards.com/email)

VISA is the exclusive credit card of the Toronto International Film Festival, September 6-15, 2007. Use your VISA card to purchase Passes and Coupons one week in advance of the general public beginning July 9. Visit [www.visa.ca/film](http://www.visa.ca/film) or call the Box Office at (416) 968-FILM, for more information.

Traveling within Canada? Look no further! The VISA Savings Passport is your ticket to incredible deals, available only to VISA cardholders. Visit [visaperks.ca](http://visaperks.ca) and download hundreds of hotel, dining and attraction offers to Canada's top destinations such as Whistler, Vancouver, Calgary, Toronto and Ottawa.





## CIBC Aerogold® Visa\*

### Your account at a glance

<b>Previous balance</b>		<b>\$13,176.68</b>
Payments	\$13,176.68	
Other credits	31.28	
<b>Total credits</b>		<b>\$13,207.96</b>
Purchases	6,795.55	
Cash advances	0.00	
Interest	0.00	
Fees	0.00	
<b>Total charges</b>		<b>+ \$6,795.55</b>
<b>New balance</b>		<b>= \$6,764.27</b>

### Your payment due

**Current month's minimum payment** **\$142.00**  
Please pay this amount by **Aug 12, 2007**

### CIBC CreditSmart

With your CIBC VISA Card you can access the CIBC CreditSmart customized tools to help you better organize and manage your monthly spending and borrowing. All at no additional cost! For more information visit [www.cibccreditsmart.com](http://www.cibccreditsmart.com) or register for CIBC Online Banking.

### CHRIS K JARRATT

**Account number**  
4500 6001 0138 5411

**July statement period**  
June 23 to July 22, 2007

### Contact us

Inquiries 1-800-465-4653  
Lost/Stolen 1-800-663-4575  
Fax 1-800-897-0551  
TTY 1-877-331-3338  
Write PO BOX 4058, STN A  
Toronto ON M5W 1L8

### Credit summary

Your credit limit \$30,000.00  
Your available credit \$23,235.73

Interest rates	Annual	Daily
Regular purchases	19.50%	0.05342%
Cash advances	19.50%	0.05342%

### Aeroplan® Miles summary

**This statement**  
Earned on net card purchases + 6765  
Mileage Multiplier + 288  
**Total Aeroplan Miles sent to** = **7053**  
**Aeroplan acct 515 414 886**



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Please turn over - Transactions begin on page 2 —

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### CIBC Aerogold Visa

#### Payment options

- Online Banking: [www.cibc.com](http://www.cibc.com)
  - Telephone Banking: 1-800-465-CIBC (2422)
  - CIBC bank machines and most financial institutions
  - Mail: Return completed slip with your cheque or money order payable to CIBC.
- For general inquiries call 1-800-465-4653.

**Account number** 4500 6001 0138 5411  
**New balance** \$6,764.27  
**Current month's minimum payment due by**  
**Aug 12, 2007** **\$142.00**  
**Total payment enclosed** \$ \_\_\_\_\_

000378 12(V)  
CHRIS K JARRATT  
123 MORRISON RD  
OAKVILLE ON L6J 4J3

087488

CIBC  
PO BOX 4595, STATION A  
TORONTO ON M5W 4X9

00004500600101385411000000067642700000000142002



\*0201531020\*



# Transactions from June 23 to July 22, 2007

## Your payments

Trans date	Post date	Description	Amount(\$)
Jul 13	Jul 16	ROYAL BANK OF CANADA TORONTO	13,176.68
Total payments			\$13,176.68

## Your new charges and credits

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
Jun 11	Jul 03	GEGONOS LTD ATHINA 168.40 EUR @ 1.476365796**	Foreign Currency Transactions	248.62
Jun 21	Jun 25	SCUOLA DEL CUOIO FIRENZE 40.00 EUR @ 1.476750000**	Foreign Currency Transactions	59.07
Jun 22	Jun 25	RISTORANTE BAR JOLLY PORTOFINO 25.00 EUR @ 1.476800000**	Foreign Currency Transactions	36.92
Jun 22	Jun 25	TRATTORIA CONCORDIA PORTOFINO 86.00 EUR @ 1.476976744**	Foreign Currency Transactions	127.02
Jun 23	Jun 25	CHEVAL BLANC EZE 100.00 EUR @ 1.476900000**	Foreign Currency Transactions	147.69
Jun 23	Jun 25	NICOLAS 4310175 LA TURBIE 36.50 EUR @ 1.476712329**	Foreign Currency Transactions	53.90
Jun 23	Jun 25	MONACO AUTO 4326692 MONACO 176.02 EUR @ 1.476877628**	Foreign Currency Transactions	259.96
Jun 24	Jun 25	MONACO AUTO 4326692 MONACO 28.63 EUR @ 1.476772616**	Foreign Currency Transactions	42.28
Jun 26	Jun 27	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	147.47
Jun 26	Jun 27	FRAMON HOTELS SPA TAORMINA 63.50 EUR @ 1.477637795**	Foreign Currency Transactions	93.83
Jul 01	Jul 03	407ETR WOODBRIDGE ON	Personal and Household Expenses	60.42
Jul 01	Jul 03	HOTEL SAVOIA E JOLAND 130 VENEZIA 43.50 EUR @ 1.476551724**	Foreign Currency Transactions	64.23
Jul 02	Jul 04	RISTORANTE PASQUALIGO VENEZIA 63.25 EUR @ 1.478418972**	Foreign Currency Transactions	93.51
Jul 02	Jul 05	RISTORANTE DA RAFFAELE VENEZIA 151.10 EUR @ 1.479351423**	Foreign Currency Transactions	223.53
Jul 03	Jul 05	L'ATELIER GRIGORIAN OAKVILLE ON	Retail and Grocery	42.16
Jul 03	Jul 05	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	31.61

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## Information about your CIBC Aerogold Visa account

If you find an error in this statement you must tell us within 30 days of the last day of the statement period shown on the front of this statement. If you do not, we may regard this statement as final (except for credits which have been posted in error).

**How we charge interest:** a) **On purchases:** For non-Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance by the payment due date and we have received payment for the full Balance shown on your previous monthly statement by the payment due date. For Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance on this statement by the payment due date. Regardless of residency, if interest is charged on a New Purchase, it will be charged from the transaction date until we receive a payment which covers the New Purchase.

b) **On Cash Advances, Convenience Cheques and Balance Transfers:** Interest is charged on Cash Advances beginning on the day they are taken. For Balance Transfers and Convenience Cheques, interest is charged beginning on the day these are posted to your Visa Account. We stop charging interest on Cash Advances, Balance Transfers and Convenience Cheques on the day we receive a payment which covers the amount of the transaction in question in accordance with the Cardholder Agreement.

**Payment period extensions:** If we did not receive full payment of the Balance on your last monthly statement, your payment due date was automatically extended this month by 5 days to give you extra time to make your payment. Interest will continue to accrue for the extended period. When we receive your full Balance, your payment due date will change back to your regular payment due date.

\*\* Foreign currency transactions are charged the same conversion rate CIBC is required to pay plus an administration fee of 2.5% of the converted amount. This fee applies to both credits and debits.

For more information, please refer to the CIBC Visa Cardholder Agreement.

\* Visa Int. CIBC and Aeroplan LP, Inc. users

\*\* Trade-mark of CIBC.

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Prepared for: CHRIS K JARRATT June 23 to July 22, 2007 Account number: 4500 6001 0138 5411

### Your new charges and credits (continued)

Trans date	Post date	Description	Spend Categories	Amount(\$)
<b>Card number 4500 6001 0138 5411</b>				
Jul 03	Jul 05	ALBERGO ACCADEMIA VENEZIA 420.50 EUR @ 1.479334126**	Foreign Currency Transactions	622.06
Jul 05	Jul 09	DAI ICHI SUSHI 2 MISSISSAUGA ON	Restaurants	54.28
Jul 06	Jul 09	WHOLE FOODS MARKET OAKVILLE ON	Retail and Grocery	97.55
Jul 07	Jul 10	PETROCAN 3560 HWY 11 N GRAVENHURST ON	Transportation	42.72
Jul 07	Jul 11	MONTFORT (OAKVILLE) LTD OAKVILLE ON	Restaurants	39.45
Jul 09	Jul 12	ALICE FAZOLI'S OAKVILLE OAKVILLE ON	Restaurants	67.84
Jul 10	Jul 12	WEST MARINE 3908 OAKVILLE ON	Transportation	47.06
Jul 11	Jul 13	ESSO 332 STEELES AVE E HORNBY ON	Transportation	50.00
Jul 11	Jul 13	SHOPPERS DRUG MART0706 OAKVILLE ON	Health and Education	32.47
Jul 11	Jul 16	SHELL 2680 SHERIDAN GARDEOAKVILLE ON	Transportation	48.54
Jul 12	Jul 13	OAK MISSISSAUGA CARTONS MISSISSAUGA ON	Home and Office Improvement	36.48
Jul 12	Jul 16	STANDARD PARKING COM.CRT.NORTH YORK ON	Transportation	10.00
Jul 12	Jul 16	MILETONE'S ERIN MILL MISSISSAUGA ON	Restaurants	73.69
Jul 13	Jul 16	APPLEWOOD CHEVROLET CA MISSISSAUGA ON	Transportation	638.17
Jul 13	Jul 17	HERTZ CANADA OKLAHOMA CITYON	Transportation	95.36
Jul 13	Jul 17	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	29.43
Jul 14	Jul 16	MUNDELL LBR CO 1081-9 ERIN ON	Home and Office Improvement	138.03
Jul 14	Jul 16	7-ELEVEN #333778 (M283 MISSISSAUGA ON	Transportation	60.07
Jul 14	Jul 18	ST LOUIS BAR AND GRILL OAKVILLE ON	Restaurants	61.46
Jul 15	Jul 18	THAI CHEF RESTAURANT OAKVILLE ON	Restaurants	78.21
Jul 16	Jul 17	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	297.97
Jul 16	Jul 17	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	211.05
Jul 16	Jul 17	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	289.06
Jul 16	Jul 17	MAPLEGROVE HM HWR #1260-9OAKVILLE ON	Home and Office Improvement	74.02
Jul 16	Jul 18	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	25.78
Jul 16	Jul 18	SHOPPERS DRUG MART0706 OAKVILLE ON	Health and Education	38.14
Jul 17	Jul 18	MAPLEGROVE HM HWR #1260-9OAKVILLE ON	Home and Office Improvement	17.97
Jul 17	Jul 18	DORSET TIM-BR MART#178 DORSET ON	Home and Office Improvement	1,623.58
Jul 17	Jul 19	DORSET TIM-BR MART#178 DORSET ON	Home and Office Improvement	-0.03
Jul 18	Jul 20	ESSO 332 STEELES AVE E HORNBY ON	Transportation	54.89
Jul 19	Jul 20	HALTON CHIROPRACTIC CLINIOAKVILLE ON	Health and Education	108.00
<b>Total for 4500 6001 0138 5411</b>				<b>\$6,795.52</b>
<b>Card number 4500 6200 0031 1425</b>				
Jul 18	Jul 19	MERRIAM MUSIC INC OAKVILLE ON	Retail and Grocery	-31.25
<b>Total for 4500 6200 0031 1425</b>				<b>-\$31.25</b>

\*\* Denotes transaction in foreign currency





## CIBC CreditSmart™ Spend Report

Spend Categories	This month				Year-to-date	
	Transactions	Amount(\$)	Budget (\$)	Difference (\$)	Transactions	Amount (\$)
Personal and Household Expenses	2	207.89	-	-	22	3,111.98
Professional and Financial Services	3	798.08	-	-	28	6,371.03
Retail and Grocery	3	108.46	-	-	32	8,534.05
Transportation	12	1,133.63	-	-	101	10,381.04
Hotel, Entertainment and Recreation	0	0.00	-	-	36	5,979.22
Restaurants	6	374.93	-	-	58	4,304.41
Home and Office Improvement	6	1,890.05	-	-	31	6,294.20
Health and Education	3	178.61	-	-	22	3,321.38
Foreign Currency Transactions	13	2,072.62	-	-	43	13,593.32
<b>Total</b>	<b>48</b>	<b>6,764.27</b>			<b>373</b>	<b>\$61,890.63</b>

Transactions are assigned a spend category based on where the goods or services are purchased, not on what was purchased. For example, items purchased at a convenience store in a gas station will appear under Transportation, not Retail and Grocery.

A negative difference (-) means you spent more than you budgeted.

	Amount(\$)	Budget (\$)	Difference (\$)
<b>Total Monthly Budget</b>	6,764.27	-	-

## Your message centre

Effective May 30, 2007, RBC Travel Insurance Company changed its name to RBC Insurance Company of Canada.

VISA is the exclusive credit card of the TORONTO INTERNATIONAL FILM FESTIVAL, September 6-15, 2007. Use your VISA card to purchase Gala single tickets beginning August 25. Visit [www.visa.ca/film](http://www.visa.ca/film) or call the Box Office at (416) 968-FILM, for more information.

Kids Just Wanna Have Fun! Use your VISA card for exclusive offers and discounts for Ontario Place and the Rogers Chinese Lantern Festival. For details and to purchase discounted tickets online, visit [ontarioplace.com](http://ontarioplace.com), [chineselanternfestival.ca/visa](http://chineselanternfestival.ca/visa) or [visaperks.ca](http://visaperks.ca).

Set up any CIBC CreditSmart feature between June 1 and Dec 31, 2007 for a chance to win a grand prize of \$10,000 (Cdn.)! No purchase necessary. Odds of winning depend on total eligible entries received. Skill-testing question required. For details, visit [www.cibccards.com/10000contestrules](http://www.cibccards.com/10000contestrules).

CIBC's promise to you-We have ensured your Aeroplan Account does not expire for the next 12 months due to Aeroplan's 12-month inactivity expiry policy introduced late 2006. We are sending 1 Aeroplan Mile to Aeroplan if no Aeroplan Miles were earned on this VISA account for the last few months. See [www.aeroplan.com](http://www.aeroplan.com).

Save between 5-20% on Avis car rental rates at participating locations worldwide when you pay with your CIBC VISA Card. Reservations may be made on-line at [www.avis.ca](http://www.avis.ca) or by calling 1-800-TRY-AVIS (879-2847). Please quote Avis Worldwide Discount (AWD) # C277500.





# CIBC Aerogold® Visa\*

## Your account at a glance

<b>Previous balance</b>		<b>\$6,764.27</b>
Payments	\$6,764.27	
Other credits	0.00	
<b>Total credits</b>		<b>\$6,764.27</b>
Purchases	6,743.13	
Cash advances	0.00	
Interest	0.00	
Fees	0.00	
<b>Total charges</b>	<b>+</b>	<b>\$6,743.13</b>
<b>New balance</b>	<b>=</b>	<b>\$6,743.13</b>

## Your payment due

**Current month's minimum payment** **\$141.00**  
Please pay this amount by **Sep 12, 2007**

## CIBC CreditSmart

Checking your credit report regularly can help you detect fraud! Set up your CIBC CreditSmart Credit Report Alert and stay informed with an alert when there are key changes to your Equifax Canada credit file. It's a completely free service for CIBC VISA cardholders. Visit [www.cibccreditsmart.com](http://www.cibccreditsmart.com) to learn more.

## CHRIS K JARRATT

**Account number**  
4500 6001 0138 5411

**August statement period**  
July 23 to August 22, 2007

## Contact us

Inquiries 1-800-465-4653  
Lost/Stolen 1-800-663-4575  
Fax 1-800-897-0551  
TTY 1-877-331-3338  
Write PO BOX 4058, STN A  
Toronto ON M5W 1L8

## Credit summary

Your credit limit \$30,000.00  
Your available credit \$23,256.87

Interest rates	Annual	Daily
Regular purchases	19.50%	0.05342%
Cash advances	19.50%	0.05342%

## Aeroplan® Miles summary

### This statement

Earned on net card purchases + 6744  
Mileage Multiplier + 415  
**Total Aeroplan Miles sent to = 7159**  
Aeroplan acct 515 414 886



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## CIBC Aerogold Visa

### Payment options

- Online Banking: [www.cibc.com](http://www.cibc.com)
- Telephone Banking: 1-800-465-CIBC (2422)
- CIBC bank machines and most financial institutions
- Mail: Return completed slip with your cheque or money order payable to CIBC.

For general inquiries call 1-800-465-4653.

**Account number** 4500 6001 0138 5411  
**New balance** \$6,743.13  
**Current month's minimum payment due by**  
**Sep 12, 2007** \$141.00  
**Total payment enclosed** \$

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000382 14(F)  
CHRIS K JARRATT  
144 ROBINSON ST  
OAKVILLE ON L6J 6K8

079023

CIBC  
PO BOX 4595, STATION A  
TORONTO ON M5W 4X9



00004500600101385411000000067431300000000141006



# Transactions from July 23 to August 22, 2007

## Your payments

Trans date	Post date	Description	Amount(\$)
Aug 11	Aug 14	ROYAL BANK OF CANADA TORONTO	6,764.27
Total payments			\$6,764.27

## Your new charges and credits

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
Jul 19	Jul 23	PROVONT MTO LICENSING 0840AKVILLE ON	Transportation	148.00
Jul 20	Jul 23	THE HOME DEPOT #7003 OAKVILLE ON	Home and Office Improvement	12.54
Jul 21	Jul 23	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	120.12
Jul 23	Jul 25	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	50.01
Jul 24	Jul 26	WAG-A-WAY KENNELS OAKVILLE ON	Personal and Household Expenses	34.98
Jul 24	Jul 26	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	47.94
Jul 25	Jul 26	SKIIS & BIKES MISSISSAUGA ON	Hotel, Entertainment and Recreation	456.00
Jul 25	Jul 26	MAPLEGROVE HM HWR #1260-90AKVILLE ON	Home and Office Improvement	51.96
Jul 25	Jul 27	BIN THERE INC BURLINGTON ON	Professional and Financial Services	300.00
Jul 25	Jul 27	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	66.20
Jul 27	Jul 30	MR. GREEK - OAKVILLE OAKVILLE ON	Restaurants	36.18
Jul 27	Jul 31	ESSO 332 STEELES AVE E HORNBY ON	Transportation	60.11
Jul 28	Jul 31	THE GLOBE AND MAIL TORONTO ON	Professional and Financial Services	30.96
Jul 28	Jul 31	ESSO 845 GARDINERS ROAD KINGSTON ON	Transportation	12.55
Jul 28	Jul 31	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	31.19
Jul 29	Jul 30	BEST BUY CANADA #930 OAKVILLE ON	Home and Office Improvement	288.40
Jul 29	Jul 31	CDN TIRE STORE #00424 OAKVILLE ON	Home and Office Improvement	36.46
Jul 30	Jul 31	MERRIAM MUSIC INC OAKVILLE ON	Retail and Grocery	157.50
Jul 30	Jul 31	CANADIAN SOUND OAKVILLE ON	Home and Office Improvement	56.99
Jul 30	Jul 31	COGECO CABLE SYSTEM IN BURLINGTON ON	Personal and Household Expenses	683.98
Jul 30	Jul 31	COGECO CABLE SYSTEM IN BURLINGTON ON	Personal and Household Expenses	182.39
Jul 30	Aug 01	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	25.28
Jul 31	Aug 01	407ETR WOODBRIDGE ON	Personal and Household Expenses	7.89
Jul 31	Aug 01	H J PFAFF MOTORS INC NEWMARKET ON	Transportation	969.00
Jul 31	Aug 02	PETROCAN HWY 400 KING CITY ON	Transportation	19.69
Aug 01	Aug 07	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	50.02

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## Information about your CIBC Aerogold Visa account

If you find an error in this statement you must tell us within 30 days of the last day of the statement period shown on the front of this statement. If you do not, we may regard this statement as final (except for credits which have been posted in error).

**How we charge interest:** a) **On purchases:** For non-Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance by the payment due date and we have received payment for the full Balance shown on your previous monthly statement by the payment due date. For Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance on this statement by the payment due date. Regardless of residency, if interest is charged on a New Purchase, it will be charged from the transaction date until we receive a payment which covers the New Purchase.

b) **On Cash Advances, Convenience Cheques and Balance Transfers:** Interest is charged on Cash Advances beginning on the day they are taken. For Balance Transfers and Convenience Cheques, interest is charged beginning on the day these are posted to your Visa Account. We stop charging interest on Cash Advances, Balance Transfers and Convenience Cheques on the day we receive a payment which covers the amount of the transaction in question in accordance with the Cardholder Agreement.

**Payment period extensions:** If we did not receive full payment of the Balance on your last monthly statement, your payment due date was automatically extended this month by 5 days to give you extra time to make your payment. Interest will continue to accrue for the extended period. When we receive your full Balance, your payment due date will change back to your regular payment due date.

\*\* Foreign currency transactions are charged the same conversion rate CIBC is required to pay plus an administration fee of 2.5% of the converted amount. This fee applies to both credits and debits.

For more information, please refer to the CIBC Visa Cardholder Agreement.

\* Visa Int. CIBC and Aeroplan LP, Inc. users.

\*\* Trade-mark of CIBC.

† Aerogold and Aeroplan are registered trade-marks of Aeroplan LP. CIBC is an authorized licensee of the marks.





Prepared for: CHRIS K JARRATT July 23 to August 22, 2007 Account number: 4500 6001 0138 5411

### Your new charges and credits (continued)










Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
Aug 02	Aug 03	BOSTON PIZZA #444 OAKVILLE ON	Restaurants	41.38
Aug 02	Aug 03	MAPLEGROVE HM HWR #1260-9OAKVILLE ON	Home and Office Improvement	16.49
Aug 03	Aug 07	SUNOCO BAYSVILLE HWY #117BAYSVILLE ON	Transportation	44.80
Aug 03	Aug 08	ESSO 61 MAIN STREET ERIN ON	Transportation	76.00
Aug 04	Aug 07	ROBINSON'S GENERAL STORE DORSET ON	Home and Office Improvement	37.25
Aug 07	Aug 09	THE HOME DEPOT #7003 OAKVILLE ON	Home and Office Improvement	98.59
Aug 08	Aug 10	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	36.94
Aug 08	Aug 10	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	42.99
Aug 10	Aug 14	ESSO 332 STEELES AVE E HORNBY ON	Transportation	58.46
Aug 11	Aug 14	ED STEWART'S GARAGE EQUIPERIN ON	Transportation	272.42
Aug 12	Aug 14	ESSO 332 STEELES AVE E HORNBY ON	Transportation	55.39
Aug 13	Aug 15	WEST MARINE 3908 OAKVILLE ON	Transportation	120.82
Aug 14	Aug 15	HALTON CHIROPRACTIC CLINIOAKVILLE ON	Health and Education	105.00
Aug 14	Aug 15	GARVEY'S FINE MEN'S WEAR OAKVILLE ON	Retail and Grocery	196.65
Aug 14	Aug 16	THE HOME DEPOT #7003 OAKVILLE ON	Home and Office Improvement	18.75
Aug 15	Aug 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	301.81
Aug 15	Aug 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	303.41
Aug 15	Aug 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	211.05
Aug 15	Aug 17	SNUG HARBOUR SEAFOOD BAR MISSISSAUGA ON	Restaurants	57.02
Aug 17	Aug 20	BEST BUY CANADA #930 OAKVILLE ON	Home and Office Improvement	84.90
Aug 17	Aug 20	TONY ROMA'S RESTAURANT MISSISSAUGA ON	Restaurants	73.46
Aug 17	Aug 21	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	48.54
Aug 18	Aug 20	WHAT'S COOKIN' ERIN ON	Restaurants	41.25
Aug 18	Aug 22	LCBO/RAO #0418 ERIN ON	Retail and Grocery	36.40
Aug 19	Aug 20	MUNDELL LBR CO 1081-9 ERIN ON	Home and Office Improvement	34.74
Aug 19	Aug 21	ESSO 332 STEELES AVE E HORNBY ON	Transportation	16.04
Aug 19	Aug 21	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	54.60
Aug 19	Aug 21	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	11.65
Aug 20	Aug 22	THE HOME DEPOT #7003 OAKVILLE ON	Home and Office Improvement	159.28
Aug 21	Aug 22	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	150.71
Total for 4500 6001 0138 5411				\$6,743.13



\*0202841G00\*



## CIBC CreditSmart™ Spend Report

Spend Categories	This month				Year-to-date	
	Transactions	Amount(\$)	Budget (\$)	Difference (\$)	Transactions	Amount (\$)
 Personal and Household Expenses	6	1,180.07	-	-	28	4,292.05
 Professional and Financial Services	5	1,147.23	-	-	33	7,518.26
 Retail and Grocery	3	390.55	-	-	35	8,924.60
 Transportation	23	2,318.64	-	-	124	12,699.68
 Hotel, Entertainment and Recreation	1	456.00	-	-	37	6,435.22
 Restaurants	5	249.29	-	-	63	4,553.70
 Home and Office Improvement	12	896.35	-	-	43	7,190.55
 Health and Education	1	105.00	-	-	23	3,426.38
 Foreign Currency Transactions	0	0.00	-	-	43	13,593.32
<b>Total</b>	<b>56</b>	<b>6,743.13</b>			<b>429</b>	<b>\$68,633.76</b>

Transactions are assigned a spend category based on where the goods or services are purchased, not on what was purchased. For example, items purchased at a convenience store in a gas station will appear under Transportation, not Retail and Grocery.

A negative difference (-) means you spent more than you budgeted.

	Amount(\$)	Budget (\$)	Difference (\$)
 <b>Total Monthly Budget</b>	6,743.13	-	-

## Your message centre

Future Shop now has the VERIFIED BY VISA service, a more secure way to pay online! Sign up your VISA card today while shopping at [www.futureshop.ca](http://www.futureshop.ca) or visit [www.visa.ca/verified](http://www.visa.ca/verified) for more information.

Kids Just Wanna Have Fun! Use your VISA card for exclusive offers and discounts for Ontario Place and the Rogers Chinese Lantern Festival. For details and to purchase discounted tickets online, visit [ontarioplace.com](http://ontarioplace.com), [chineselanternfestival.ca/visa](http://chineselanternfestival.ca/visa) or [visaperks.ca](http://visaperks.ca).

Now you can easily track and manage your monthly budgets on the CIBC CreditSmart Spend Report. Set a personal budget through CIBC Online Banking for any spend category or for your total monthly spending. You can also set a spend alert to be notified when you exceed your budget. Visit [www.cibccreditsmart.com](http://www.cibccreditsmart.com) to learn more.

Join friends, family, and thousands of CIBC employees on Sunday September 30, 2007 for the CIBC Run for the Cure in support of the Canadian Breast Cancer Foundation. Together, we can create a future without breast cancer. For more information, visit [www.cibcrunfortheure.com](http://www.cibcrunfortheure.com). Who are you running for?

Effective May 30, 2007, RBC Travel Insurance Company changed its name to RBC Insurance Company of Canada.





# CIBC Aerogold® Visa\*

## Your account at a glance

<b>Previous balance</b>		<b>\$6,743.13</b>
Payments	\$6,743.13	
Other credits	0.00	
<b>Total credits</b>		<b>\$6,743.13</b>
Purchases	10,529.46	
Cash advances	485.65	
Interest	1.29	
Fees	125.00	
<b>Total charges</b>		<b>+ \$11,141.40</b>
<b>New balance</b>		<b>= \$11,141.40</b>

## Your payment due

**Current month's minimum payment** **\$233.00**  
Please pay this amount by **Oct 13, 2007**

## CIBC CreditSmart

Stay on top of your budget with the CIBC CreditSmart Spend Report. Go online and set budgets for up to 10 spend categories or for the total amount you want to spend on your CIBC VISA account each month and choose to be sent an alert when you exceed your budget. Visit [www.cibccreditsmart.com](http://www.cibccreditsmart.com) to learn more.

## CHRIS K JARRATT

**Account number**  
4500 6001 0138 5411

**September statement period**  
August 23 to September 22, 2007

## Contact us

Inquiries 1-800-465-4653  
Lost/Stolen 1-800-663-4575  
Fax 1-800-897-0551  
TTY 1-877-331-3338  
Write PO BOX 4058, STN A  
Toronto ON M5W 1L8

## Credit summary

Your credit limit \$30,000.00  
Your available credit \$18,858.60

Interest rates	Annual	Daily
Regular purchases	19.50%	0.05342%
Cash advances	19.50%	0.05342%

## Aeroplan® Miles summary

### This statement

Earned on net card purchases + 10530  
Mileage Multiplier + 297  
**Total Aeroplan Miles sent to = 10827**  
**Aeroplan acct 515 414 886**



\*0201451001\*

*pd*

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Please turn over - Transactions begin on page 2

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## CIBC Aerogold Visa

### Payment options

- Online Banking: [www.cibc.com](http://www.cibc.com)
  - Telephone Banking: 1-800-465-CIBC (2422)
  - CIBC bank machines and most financial institutions
  - Mail: Return completed slip with your cheque or money order payable to CIBC.
- For general inquiries call 1-800-465-4653.

**Account number** 4500 6001 0138 5411  
**New balance** \$11,141.40  
**Current month's minimum payment due by**  
**Oct 13, 2007** **\$233.00**  
**Total payment enclosed** \$

000278 14(C)  
CHRIS K JARRATT  
144 ROBINSON ST  
OAKVILLE ON L6J 6K8

068427

CIBC  
PO BOX 4595, STN A  
TORONTO ON M5W 4X9

00004500600101385411000000111414000000000233006



# Transactions from August 23 to September 22, 2007

## Your payments

Trans date	Post date	Description	Amount(\$)
Sep 11	Sep 12	ROYAL BANK OF CANADA TORONTO	6,743.13
Total payments			\$6,743.13

## Your interest

Trans date	Post date	Description	Annual interest rate	Amount(\$)
Sep 22	Sep 22	CASH ADVANCES	19.50%	1.29
Total interest this period				\$1.29

## Your new charges and credits

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
Aug 21	Aug 23	OAKTOWN HARDWARE & LOCK OAKVILLE ON	Home and Office Improvement	675.17
Aug 21	Aug 23	SHOPPERS DRUG MART0706 OAKVILLE ON	Health and Education	89.25
Aug 22	Aug 23	SHOPPERS DRUG MART0745 OAKVILLE ON	Health and Education	87.53
Aug 22	Aug 23	STAPLES STORE #4 OAKVILLE ON	Retail and Grocery	160.62
Aug 22	Aug 23	THE BODY SHOP 1465 OAKVILLE ON	Personal and Household Expenses	29.64
Aug 22	Aug 23	THE SOURCE BY CC 5152 OAKVILLE ON	Home and Office Improvement	87.72
Aug 22	Aug 24	THE BAY #1530 OAKVILLE ON	Retail and Grocery	68.36
Aug 22	Aug 24	HENRY'S (OAKVILLE) OAKVILLE ON	Retail and Grocery	227.99
Aug 23	Aug 27	ST LOUIS BAR AND GRILL OAKVILLE ON	Restaurants	53.51
Aug 24	Aug 27	BOSTON PIZZA #444 OAKVILLE ON	Restaurants	44.45
Aug 24	Aug 27	GOLDCRAFT JEWELLERY TORONTO ON	Retail and Grocery	79.80
Aug 24	Aug 27	HOUSE OF FLOWERS OAKVILLE ON	Retail and Grocery	57.00
Aug 24	Aug 28	LCBO/RAO #0365 OAKVILLE ON	Retail and Grocery	37.30
Aug 24	Aug 28	LA CUCINA AL FORNO OAKVILLE ON	Restaurants	205.92
Aug 25	Aug 27	SPORT CHEK #317 OAKVILLE ON	Hotel, Entertainment and Recreation	166.38
Aug 25	Aug 27	STAPLES STORE #78 OAKVILLE ON	Retail and Grocery	58.68
Aug 25	Aug 27	ROOTS #220 OAKVILLE ON	Retail and Grocery	111.50
Aug 25	Aug 27	THE MERCHANT OF TENNIS OAKVILLE ON	Hotel, Entertainment and Recreation	142.50
Aug 25	Aug 28	THE GLOBE AND MAIL TORONTO ON	Professional and Financial Services	30.96
Aug 25	Aug 28	AE CANADA 00009662 OAKVILLE ON	Retail and Grocery	56.95
Aug 25	Aug 29	ACE GLASS & MIRROR LTD MISSISSAUGA ON	Home and Office Improvement	45.60

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## Information about your CIBC Aerogold Visa account

If you find an error in this statement you must tell us within 30 days of the last day of the statement period shown on the front of this statement. If you do not, we may regard this statement as final (except for credits which have been posted in error).

**How we charge interest:** a) On purchases: For non-Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance by the payment due date and we have received payment for the full Balance shown on your previous monthly statement by the payment due date. For Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance on this statement by the payment due date. Regardless of residency, if interest is charged on a New Purchase, it will be charged from the transaction date until we receive a payment which covers the New Purchase.

b) On Cash Advances, Convenience Cheques and Balance Transfers: Interest is charged on Cash Advances beginning on the day they are taken. For Balance Transfers and Convenience Cheques, interest is charged beginning on the day these are posted to your Visa Account. We stop charging interest on Cash Advances, Balance Transfers and Convenience Cheques on the day we receive a payment which covers the amount of the transaction in question in accordance with the Cardholder Agreement.

**Payment period extensions:** If we did not receive full payment of the Balance on your last monthly statement, your payment due date was automatically extended this month by 5 days to give you extra time to make your payment. Interest will continue to accrue for the extended period. When we receive your full Balance, your payment due date will change back to your regular payment due date.

\*\* Foreign currency transactions are charged the same conversion rate CIBC is required to pay plus an administration fee of 2.5% of the converted amount. This fee applies to both credits and debits.

For more information, please refer to the CIBC Visa Cardholder Agreement.

\* Visa Int./CIBC and Aeroplan LP, lic. users

™ Trade-mark of CIBC

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Prepared for: CHRIS K JARRATT August 23 to September 22, 2007 Account number: 4500 6001 0138 5411

### Your new charges and credits (continued)

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
Aug 26	Aug 28	ESSO R.R. #3, HWY #11 NORORILLIA ON	Transportation	61.36
Aug 27	Aug 29	RONA ONTARIO OAKVL #31010OAKVILLE ON	Home and Office Improvement	28.73
Aug 28	Aug 29	BEST BUY CANADA #930 OAKVILLE ON	Home and Office Improvement	79.79
Aug 29	Aug 30	BOSTON PIZZA #444 OAKVILLE ON	Restaurants	65.39
Aug 29	Aug 31	MR. GREEK - OAKVILLE OAKVILLE ON	Restaurants	37.49
Aug 29	Aug 31	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	51.39
Aug 30	Sep 04	HENRY'S (OAKVILLE) OAKVILLE ON	Retail and Grocery	797.97
Aug 31	Sep 05	ESSO 332 STEELES AVE E HORNBY ON	Transportation	63.32
Sep 01	Sep 05	ESSO 9100 HWY # 11 SOUTH HUNTSVILLE ON	Transportation	36.00
Sep 02	Sep 04	THE MERCHANT OF TENNIS OAKVILLE ON	Hotel, Entertainment and Recreation	170.99
Sep 02	Sep 04	HERTZ CANADA OKLAHOMA CITYON	Transportation	14.29
Sep 02	Sep 06	LCBO/RAO #0365 OAKVILLE ON	Retail and Grocery	20.70
Sep 04	Sep 05	MERRIAM MUSIC INC OAKVILLE ON	Retail and Grocery	1,367.50
Sep 07	Sep 11	ESSO 2688 DUNDAS ST. W. MISSISSAUGA ON	Transportation	55.02
Sep 09	Sep 10	407ETR WOODBRIDGE ON	Personal and Household Expenses	123.35
Sep 09	Sep 11	WEST MARINE 3908 OAKVILLE ON	Transportation	140.45
Sep 10	Sep 11	ENGLISH BAY FISH & CHIPS OAKVILLE ON	Restaurants	51.08
Sep 10	Sep 11	CHAPTERS #765# OAKVILLE ON	Retail and Grocery	66.28
Sep 10	Sep 11	BEST BUY CANADA #930 OAKVILLE ON	Home and Office Improvement	38.72
Sep 10	Sep 12	ESSO 240 N.SERVICE ROAD WOAKVILLE ON	Transportation	51.08
Sep 12	Sep 13	MEDCAN HEALTH MANAGEMENT TORONTO ON	Health and Education	2,114.70 M
Sep 14	Sep 17	THE MERCHANT OF TENNIS OAKVILLE ON	Hotel, Entertainment and Recreation	84.36
Sep 14	Sep 17	BOSTON PIZZA #444 OAKVILLE ON	Restaurants	39.38
Sep 15	Sep 18	ESSO 305 DUNDAS ST. W OAKVILLE ON	Transportation	40.06
Sep 15	Sep 19	ACE GLASS & MIRROR LTD MISSISSAUGA ON	Home and Office Improvement	336.30
Sep 17	Sep 18	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	287.00
Sep 17	Sep 18	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	211.05
Sep 17	Sep 18	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	303.41
Sep 18	Sep 19	ESSO 520 DUNDAS STREET WEOAKVILLE ON	Transportation	50.05
Sep 18	Sep 20	TRAVELEX GMBH FRANKFURT FRANKFURT 333.97 EUR @ 1.454172530**	Foreign Currency Transactions	485.65
Sep 19	Sep 21	SHERATON FRANKFURT FRANKFURT	Hotel, Entertainment and Recreation	1,094.72
Sep 20	Sep 20	CASH ADVANCE FEE	Professional and Financial Services	5.00
Sep 20	Sep 21	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	130.70
Sep 21	Sep 21	ANNUAL FEE	Professional and Financial Services	120.00 Fee
Total for 4500 6001 0138 5411				\$11,140.11










\*\* Denotes transaction in foreign currency



\*0202461001\*



## CIBC CreditSmart™ Spend Report

Spend Categories	This month				Year-to-date	
	Transactions	Amount (\$)	Budget (\$)	Difference (\$)	Transactions	Amount (\$)
 Personal and Household Expenses	3	283.69	-	-	31	4,575.74
 Professional and Financial Services	6	957.42	-	-	39	8,475.68
 Retail and Grocery	13	3,110.65	-	-	48	12,035.25
 Transportation	10	563.02	-	-	134	13,262.70
 Hotel, Entertainment and Recreation	5	1,658.95	-	-	42	8,094.17
 Restaurants	7	497.22	-	-	70	5,050.92
 Home and Office Improvement	7	1,292.03	-	-	50	8,482.58
 Health and Education	3	2,291.48	-	-	26	5,717.86
 Foreign Currency Transactions	1	485.65	-	-	44	14,078.97
<b>Total</b>	<b>55</b>	<b>11,140.11</b>			<b>484</b>	<b>\$79,773.87</b>

Transactions are assigned a spend category based on where the goods or services are purchased, not on what was purchased. For example, items purchased at a convenience store in a gas station will appear under Transportation, not Retail and Grocery.

A negative difference (-) means you spent more than you budgeted.

	Amount (\$)	Budget (\$)	Difference (\$)
 <b>Total Monthly Budget</b>	11,140.11	-	-

## Your message centre

Effective May 30, 2007, RBC Travel Insurance Company changed its name to RBC Insurance Company of Canada.

Check out [www.visaperks.ca](http://www.visaperks.ca) for valuable shopping and travel deals and more.

Receive up to 3,000 Bonus Aeroplan Miles. All you have to do is sign-up for Emerald Club Membership and rent a car from National. To take advantage of this special offer, visit [www.emeraldclubpromos.com/aeroplan/car](http://www.emeraldclubpromos.com/aeroplan/car) for details.

Join friends, family, and thousands of CIBC employees on Sunday September 30, 2007 for the CIBC Run for the Cure in support of the Canadian Breast Cancer Foundation. Together, we can create a future without breast cancer. For more information, visit [www.cibcrunfortheure.com](http://www.cibcrunfortheure.com). Who are you running for?



# CIBC Aerogold® Visa\*

## Your account at a glance

Previous balance		\$11,141.40
Payments	\$11,141.40	
Other credits	0.00	
Total credits	-	\$11,141.40
Purchases	12,797.56	
Cash advances	0.00	
Interest	4.92	
Fees	0.00	
Total charges	+	\$12,802.48
New balance	=	\$12,802.48

## Your payment due

Current month's minimum payment **\$268.00**  
Please pay this amount by Nov 12, 2007

## CIBC CreditSmart

CIBC CreditSmart Identity Theft Assistance can assist if you have been the victim of identity theft. Visit [www.cibccreditsmart.com](http://www.cibccreditsmart.com) to learn more about CIBC identity theft assistance and other security features which are available to you at no cost through CIBC Online Banking.

## CHRIS K JARRATT

### Account number

4500 6001 0138 5411

### October statement period

September 23 to October 22, 2007

### Contact us

Inquiries 1-800-465-4653  
Lost/Stolen 1-800-663-4575  
Fax 1-800-897-0551  
TTY 1-877-331-3338  
Write PO BOX 4058, STN A  
Toronto ON M5W 1L8

## Credit summary

Your credit limit \$32,000.00  
Your available credit \$19,197.52

## Interest rates

	Annual	Daily
Regular purchases	19.50%	0.05342%
Cash advances	19.50%	0.05342%

## Aeroplan® Miles summary

### This statement

Earned on net card purchases	+	12798
Mileage Multiplier	+	32
Promotions	+	154
Total Aeroplan Miles sent to	=	12984

Aeroplan acct 515 414 886

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Please turn over - Transactions begin on page 2

## CIBC Aerogold Visa

### Payment options

- Online Banking: [www.cibc.com](http://www.cibc.com)
  - Telephone Banking: 1-800-465-CIBC (2422)
  - CIBC bank machines and most financial institutions
  - Mail: Return completed slip with your cheque or money order payable to CIBC.
- For general inquiries call 1-800-465-4653.

Account number 4500 6001 0138 5411

New balance \$12,802.48

Current month's minimum  
payment due by  
Nov 12, 2007 \$268.00

Total payment enclosed \$

000282 14(X)  
CHRIS K JARRATT  
144 ROBINSON ST  
OAKVILLE ON L6J 6K8

068882

CIBC  
PO BOX 4595, STN A  
TORONTO ON M5W 4X9

00004500600101385411000000128024800000000268002



# Transactions from September 23 to October 22, 2007

## Your payments

Trans date	Post date	Description	Amount(\$)
Oct 12	Oct 15	ROYAL BANK OF CANADA TORONTO	11,141.40
Total payments			\$11,141.40

## Your interest

Trans date	Post date	Description	Annual interest rate	Amount(\$)
Oct 22	Oct 22	CASH ADVANCES	19.50%	4.92
Total interest this period				\$4.92

## Your new charges and credits

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
Sep 21	Sep 24	LEGHORN'S HAMILTON ON	Restaurants	342.50
Sep 23	Sep 25	MUNDELL LBR CO 1081-9 ERIN ON	Home and Office Improvement	34.37
Sep 23	Sep 25	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	63.10
Sep 23	Sep 26	COLOSSUS OF OAKVILLE OAKVILLE ON	Restaurants	154.05
Sep 24	Sep 25	MULTINATIONAL UNDERWRITER 317-262-2132 IN 5,903.00 USD @ 1.027133661**	Foreign Currency Transactions	6,063.17 M
Sep 24	Sep 26	OAKVILLE VOLKSWAGEN INC OAKVILLE ON	Transportation	677.00
Sep 25	Sep 27	THE HOME DEPOT #7157 OAKVILLE ON	Home and Office Improvement	9.04
Sep 26	Sep 27	BOSTON PIZZA #444 OAKVILLE ON	Restaurants	57.65
Sep 26	Sep 28	ESSO 541 MAPLE GROVE RD. OAKVILLE ON	Transportation	48.66
Sep 26	Sep 28	SHOPPERS DRUG MART 0706 OAKVILLE ON	Health and Education	71.88
Sep 27	Sep 28	Amazon.com AMZN.COM/BILLWA 30.97 USD @ 1.027768809**	Foreign Currency Transactions	31.83
Sep 27	Sep 28	BOLDSTREET WIRELESS OTTAWA ON	Professional and Financial Services	8.55
Sep 27	Sep 28	NUART FRAME (OAKVILLE) OAKVILLE ON	Retail and Grocery	532.38
Sep 28	Oct 01	MILETONE'S ERIN MILL MISSISSAUGA ON	Restaurants	55.83
Sep 29	Oct 01	THE SOURCE BY CC 5264 GUELPH ON	Home and Office Improvement	268.99
Oct 01	Oct 03	THE GLOBE AND MAIL TORONTO ON	Professional and Financial Services	30.96
Oct 01	Oct 03	MILETONE'S ERIN MILL MISSISSAUGA ON	Restaurants	56.41
Oct 01	Oct 03	ESSO 2688 DUNDAS ST. W. MISSISSAUGA ON	Transportation	50.02
Oct 02	Oct 03	HALTON CHIROPRACTIC CLINIC OAKVILLE ON	Health and Education	33.00

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## Information about your CIBC Aerogold Visa account

If you find an error in this statement you must tell us within 30 days of the last day of the statement period shown on the front of this statement. If you do not, we may regard this statement as final (except for credits which have been posted in error).

**How we charge interest:** a) On purchases: For non-Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance by the payment due date and we have received payment for the full Balance shown on your previous monthly statement by the payment due date. For Quebec residents, no interest is charged on a New Purchase appearing on this statement if we receive payment for your full Balance on this statement by the payment due date. Regardless of residency, if interest is charged on a New Purchase, it will be charged from the transaction date until we receive a payment which covers the New Purchase.

b) On Cash Advances, Convenience Cheques and Balance Transfers: Interest is charged on Cash Advances beginning on the day they are taken. For Balance Transfers and Convenience Cheques, interest is charged beginning on the day these are posted to your Visa Account. We stop charging interest on Cash Advances, Balance Transfers and Convenience Cheques on the day we receive a payment which covers the amount of the transaction in question in accordance with the Cardholder Agreement.

**Payment period extensions:** If we did not receive full payment of the Balance on your last monthly statement, your payment due date was automatically extended this month by 5 days to give you extra time to make your payment. Interest will continue to accrue for the extended period. When we receive your full Balance, your payment due date will change back to your regular payment due date.

\*\* Foreign currency transactions are charged the same conversion rate CIBC is required to pay plus an administration fee of 2.5% of the converted amount. This fee applies to both credits and debits.

For more information, please refer to the CIBC Visa Cardholder Agreement.

\* Visa Int. CIBC and Aeroplan LP, lic. users

TM Trade-mark of CIBC

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Prepared for: CHRIS K JARRATT September 23 to October 22, 2007 Account number: 4500 6001 0138 5411

### Your new charges and credits (continued)

Trans date	Post date	Description	Spend Categories	Amount(\$)
Card number 4500 6001 0138 5411				
Oct 02	Oct 03	407ETR WOODBRIDGE ON	Personal and Household Expenses	57.52
Oct 02	Oct 04	PARTSOURCE STORE # 754 MISSISSAUGA ON	Transportation	96.89
Oct 03	Oct 05	EAST SIDE MARIO'S OAKVILLE ON	Restaurants	41.87
Oct 04	Oct 05	BOSTON PIZZA #444 OAKVILLE ON	Restaurants	38.47
Oct 04	Oct 05	TICKET KING TORONTO ON	Hotel, Entertainment and Recreation	303.00
Oct 05	Oct 09	NEUCHATEL JUNIOR COLLEGE TORONTO ON	Health and Education	1,590.00
Oct 05	Oct 10	ST LOUIS BAR AND GRILL OAKVILLE ON	Restaurants	47.44
Oct 05	Oct 10	SMOKE BARBEQUE & GRILL OAKVILLE ON	Restaurants	82.44
Oct 06	Oct 09	MCKINNON TIM-BR MART#256 HILLSBURGH ON	Home and Office Improvement	200.90
Oct 07	Oct 09	SUNYS #56990 GEORGETOW GEORGETOWN ON	Transportation	61.50
Oct 07	Oct 09	MUNDELL LBR CO 1081-9 ERIN ON	Home and Office Improvement	55.83
Oct 07	Oct 11	DOORN GARDEN CENTRE GEORGETOWN ON	Home and Office Improvement	147.06
Oct 08	Oct 10	ESSO 562 TRAFALGAR RD. OAKVILLE ON	Transportation	46.14
Oct 12	Oct 15	CANADIAN SOUND OAKVILLE ON	Home and Office Improvement	150.00
Oct 12	Oct 15	PHARMA PLUS #2428 OAKVILLE ON	Health and Education	24.47
Oct 13	Oct 17	SMOKE BARBEQUE & GRILL OAKVILLE ON	Restaurants	98.69
Oct 14	Oct 16	ESSO 332 STEELES AVE E HORNBY ON	Transportation	63.57
Oct 15	Oct 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	303.41
Oct 15	Oct 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	287.02
Oct 15	Oct 16	CHUBB INS CO OF CANADA TORONTO ON	Professional and Financial Services	211.05
Oct 15	Oct 17	THE HOME DEPOT #7157 OAKVILLE ON	Home and Office Improvement	16.80
Oct 17	Oct 18	SWISS CHALET OAKVILLE ON	Restaurants	38.55
Oct 19	Oct 22	BATON ROUGE RESTAURANT OAOAKVILLE ON	Restaurants	46.19
Oct 20	Oct 22	HUSKY TRAVEL CTR 0700 BRADFORD ON	Transportation	63.87
Oct 21	Oct 22	ROGERS *103242848 800-565-6009 ON	Personal and Household Expenses	135.49
Total for 4500 6001 0138 5411				\$12,797.56










\*\* Denotes transaction in foreign currency



\*0202919000\*



## CIBC CreditSmart™ Spend Report

Spend Categories	This month				Year-to-date	
	Transactions	Amount(\$)	Budget (\$)	Difference (\$)	Transactions	Amount (\$)
 Personal and Household Expenses	2	193.01	-	-	33	4,768.75
 Professional and Financial Services	5	840.99	-	-	44	9,316.67
 Retail and Grocery	1	532.38	-	-	49	12,567.63
 Transportation	9	1,170.75	-	-	143	14,433.45
 Hotel, Entertainment and Recreation	1	303.00	-	-	43	8,397.17
 Restaurants	12	1,060.09	-	-	82	6,111.01
 Home and Office Improvement	8	882.99	-	-	58	9,365.57
 Health and Education	4	1,719.35	-	-	30	7,437.21
 Foreign Currency Transactions	2	6,095.00	-	-	46	20,173.97
<b>Total</b>	<b>44</b>	<b>12,797.56</b>			<b>528</b>	<b>\$92,571.43</b>

Transactions are assigned a spend category based on where the goods or services are purchased, not on what was purchased. For example, items purchased at a convenience store in a gas station will appear under Transportation, not Retail and Grocery.

A negative difference (-) means you spent more than you budgeted.

	Amount(\$)	Budget (\$)	Difference (\$)
 Total Monthly Budget	12,797.56	-	-

## Your message centre

Your credit limit has been increased as shown on this statement. We hope you will enjoy the added flexibility this increase provides you. If you wish to maintain your previous credit limit please contact us at 1-800-465-4653.

Set up any CIBC CreditSmart feature between June 1 and Dec 31, 2007 for a chance to win a grand prize of \$10,000 (Cdn.)! No purchase necessary. Odds of winning depend on total eligible entries received. Skill-testing question required. For details, visit [www.cibccards.com/10000contestrules](http://www.cibccards.com/10000contestrules).

## Summary of Awards earned via Promotions:

ADVANTEX BENEFIT/AVANTAGE

154



TORONTO PARKING AUTHORITY  
CARPARK # 52 UNIVERSITY AVE. GARAGE  
THANK-YOU GST # R122981541

Transaction No. 977361  
OP-LN DAY-1 Out: 09:24 Sep/27/07  
In: 07:46 Sep/27/07

1 DAILY PARKING RATE	\$10.00
GST	\$0.53
PST	\$0.00
BALANCE DUE	\$10.00
CASH	\$10.00
CHANGE	\$0.00

*Parking*  
*GST 8.19*





**impark**

**Imperial Parking Canada Corporation**

**PLACE FACE UP ON DASH**

Charges are for use of parking space only. The operator of this carpark assumes no responsibility whatsoever for the safe custody of the vehicles parked nor for any property left with same, nor for loss or theft of or damage to such vehicles or property, howsoever and by whomsoever caused, the same being left in all respects at the risk of their owner.



427171

**impark**

**Imperial Parking Canada Corporation**

LICENCE NO. \_\_\_\_\_

**OUT**

**IN**

820.00  
07 NOV 17 PM 5:53



**RECEIPT OR  
VALIDATION**

427171

**impark**

**Imperial Parking Canada Corporation**

DATE:
AMOUNT:



RECYCLABLE

THIS FEE INCLUDES G.S.T. REG. #88731 5638 RT0001  
VISIT OUR WEBSITE AT [www.Impark.com](http://www.Impark.com)





impark

Imperial Parking Canada Corporation

### PLACE FACE UP ON DASH

Charges are for use of parking space only. The operator of this carpark assumes no responsibility whatsoever for the safe custody of the vehicles parked nor for any property left with same, nor for loss or theft of or damage to such vehicles or property, howsoever and by whomsoever caused, the same being left in all respects at the risk of their owner.



427660

impark

Imperial Parking Canada Corporation

LICENCE NO. \_\_\_\_\_

OUT

IN

42

07 NOV 8 PM 7:15



RECEIPT OR  
VALIDATION

427660

impark

Imperial Parking Canada Corporation

DATE:
AMOUNT: 20



RECYCLABLE

THIS FEE INCLUDES G.S.T. REG. #88731 5638 RT0001  
VISIT OUR WEBSITE AT [www.impark.com](http://www.impark.com)



TORONTO PARKING AUTHORITY  
CARPARK # 52 UNIVERSITY AVE. GARAGE  
THANK-YOU GST # R122981541

Transaction No. 999842  
OP-LN DAY-1 Out: 10:41 Nov/02/07  
In: 09:05 Nov/02/07

1 DAILY PARKING RATE	\$10.00
GST	\$0.53
PST	\$0.70
BALANCE DUE	\$10.00
CASH	\$10.00
CHANGE	\$0.00

TORONTO PARKING AUTHORITY  
CARPARK # 52 UNIVERSITY AVE. GARAGE  
THANK-YOU GST # R122981541

Transaction No. 993111  
OP-LN DAY-1 Out: 14:09 Oct/23/07  
In: 12:01 Oct/23/07

1 DAILY PARKING RATE	\$12.50
GST	\$0.66
PST	\$0.88
BALANCE DUE	\$12.50
CASH	\$12.50
CHANGE	\$0.00



71087 PLACE  
THIS SIDE  
UP ON DASH

LICENSE \_\_\_\_\_

OUT

IN

CONDITIONS

• Vehicles not displaying Valid Ticket on dash will be towed or charged at owner's expense. • Vehicles and contents left at owner's risk. • Maximum Daily Rate charged on lost tickets. • Vehicles parked over 12 hours will be subject to towing and storage fees unless attendant is notified. • We reserve the privilege of moving vehicles to other section of lot. • Ticket is non-transferable. • No in and out privileges. • No refund on flat rates.



MANAGEMENT SERVICES INC.  
45 Lower Jarvis St.  
Toronto, Ont. M5E 1R8  
(416) 362-9900  
GST # 86709 2066 RT

YOUR RECEIPT

DATE

AMOUNT

71087

131704 PLACE  
THIS SIDE  
UP ON DASH

LICENSE \_\_\_\_\_

OUT

IN

CONDITIONS

• Vehicles not displaying Valid Ticket on dash will be towed or charged at owner's expense. • Vehicles and contents left at owner's risk. • Maximum Daily Rate charged on lost tickets. • Vehicles parked over 12 hours will be subject to towing and storage fees unless attendant is notified. • We reserve the privilege of moving vehicles to other section of lot. • Ticket is non-transferable. • No in and out privileges. • No refund on flat rates.



MANAGEMENT SERVICES INC.  
45 Lower Jarvis St.  
Toronto, Ont. M5E 1R8  
(416) 362-9900  
GST # 86709 2066 RT

YOUR RECEIPT

DATE

AMOUNT

131704

37412 PLACE  
THIS SIDE  
UP ON DASH

LICENSE \_\_\_\_\_

OUT

IN

CONDITIONS

• Vehicles not displaying Valid Ticket on dash will be towed or charged at owner's expense. • Vehicles and contents left at owner's risk. • Maximum Daily Rate charged on lost tickets. • Vehicles parked over 12 hours will be subject to towing and storage fees unless attendant is notified. • We reserve the privilege of moving vehicles to other section of lot. • Ticket is non-transferable. • No in and out privileges. • No refund on flat rates.



MANAGEMENT SERVICES INC.  
45 Lower Jarvis St.  
Toronto, Ont. M5E 1R8  
(416) 362-9900  
GST # 86709 2066 RT

YOUR RECEIPT

DATE

AMOUNT

37412

75672 PLACE  
THIS SIDE  
UP ON DASH

LICENSE \_\_\_\_\_

OUT

IN

CONDITIONS

• Vehicles not displaying Valid Ticket on dash will be towed or charged at owner's expense. • Vehicles and contents left at owner's risk. • Maximum Daily Rate charged on lost tickets. • Vehicles parked over 12 hours will be subject to towing and storage fees unless attendant is notified. • We reserve the privilege of moving vehicles to other section of lot. • Ticket is non-transferable. • No in and out privileges. • No refund on flat rates.

18771 PLACE  
THIS SIDE  
UP ON DASH

LICENSE \_\_\_\_\_

OUT

IN

CONDITIONS

• Vehicles not displaying Valid Ticket on dash will be towed or charged at owner's expense. • Vehicles and contents left at owner's risk. • Maximum Daily Rate charged on lost tickets. • Vehicles parked over 12 hours will be subject to towing and storage fees unless attendant is notified. • We reserve the privilege of moving vehicles to other section of lot. • Ticket is non-transferable. • No in and out privileges. • No refund on flat rates.



MANAGEMENT SERVICES INC.  
45 Lower Jarvis St.  
Toronto, Ont. M5E 1R8  
(416) 362-9900  
GST # 86709 2066 RT

YOUR RECEIPT

DATE

AMOUNT

18771



**H J PARKING LLC**  
 851 Eighth Avenue  
 New York, New York 10019  
 TEL (212) 581-8490 LIC.#1130762  
 OPEN 24HRS

#22 -

APR 19 2006

\$15



Nº 5342

**PARKING CONTRACT**

Charges are for use of Parking Space only.  
 We are not responsible for Theft or Damage  
 to Cars or Contents HOWEVER CAUSED.

Nº 5342

Date: \_\_\_\_\_

Amount: \_\_\_\_\_

G.S.T. #R106188642



**Receipt**

**AEROPORT INTERNATIONAL**  
**LESTER B. PEARSON**  
**INTERNATIONAL AIRPORT**  
**TERMINAL 2 AEROCARE 2**

LANE/VOIE: Exit 20, CC Express

Paid On: 2005/11/26 22:15  
 Entered: 2005/11/24 08:38  
 Ticket#: 0095392752  
 Dur.: 3696:54  
 Paid: \$ 65.25  
 Original Fee: \$ 65.25  
 GST: 3.97  
 PST: 4.54  
 UTSA: 4.54  
 Thank-You.  
 GST# 139759766  
 Transaction  
 Approved  
 Merchant  
 Audit  
 Date

**TORONTO PARKING AUTHORITY**  
**CARPARK # 52 UNIVERSITY AVE. GARAGE**  
**THANK-YOU GST # R122901341**

Transaction No. 694709  
 OP-LN DAY-1 Out: 12:36 Apr/19/06  
 In: 08:13 Apr/19/06

1 DAILY PARKING RATE	\$15.00
GST	\$0.91
PST	\$1.04
<b>BALANCE DUE</b>	<b>\$15.00</b>
CASH	\$15.00
CHANGE	\$0.00

Parking Lot D-1  
 04/19/06 11:04:47  
 \$0.00  
 \$0.00  
 \$0.70  
 Grand Total \$10.00  
 Cash Received \$10.00  
 Change \$0.00

Please display ticket on dash board  
 Remember your section  
 Lock your car  
 Thank you  
 GST # 119396976



TORONTO PARKING AUTHORITY  
CARPARK # 52 UNIVERSITY AVE. GARAGE  
THANK-YOU GST # R122981541

Transaction No. 7751  
DP-LN DAY-1 Out: 13:49 Nov/14/07  
In: 09:55 Nov/14/07

1 DAILY PARKING RATE	\$17.00
GST	\$0.89
PST	\$1.19

BALANCE DUE	\$17.00
CASH	\$17.00
CHANGE	\$0.00



611295-00020-2

Date 14th Mo Date: OCT 1905 Amount: \$205  
Received from..... From:.....  
the sum of 11 To:.....  
For: Four Car No. 33  
Signature: [Signature]

03

Cents

\$ 35.00

Per [Signature]





TRANSACTION RECORD

**Snug Harbour**  
14 Stavebank Rd S. Mississauga  
(905) 274-5000 L5G 2T1

CARD TYPE: VISA  
Nu.: \*\*\*\*5411  
ENTRY: SWIPED  
AUTHORIZATION: 014089  
TERMINAL: 7  
REFERENCE: 337401

PURCHASE	\$50.02
TIP	7.00
TOTAL	57.02

THANK YOU  
AUGUST 15, 2007 18:27:07  
Server's name: LAUREN A

CUSTOMER COPY

\*\*\*\*\*  
TC 08/17/07 TIME 12:33  
45025320171 55  
20171

TONY ROMA'S MISSISSAUGA  
2575 Dundas St  
Mississauga, Ontario  
905-568-9723  
E-MAIL: R86045/144

VISA	00000000000000000000
TABLE	94
CHECK	0000
PORCH	
DINING ROOM	
BAR	
AMOUNT	57.02
PSI	4.00
GST	3.00

SUBTOTAL 57.02

TIP \$ 9.00

TOTAL \$ 73.46

CUSTOMER COPY

\*\*\*\*\*



\*\*\*\*\*  
DATE 07/09/07 TYPE 12143  
CID 450251459 514499

BOSTON PIZZA  
2011 WINSTON PARK DR.  
OAKVILLE, ONTARIO  
CANADA  
905-829-8370  
CST REGISTRATION # 827030402

VISA 1007111165411 5 02/09  
AUTH 053302 TABLE 42 LINCH 1765  
PAPOLISH DINING ROOM BARBELL C

AMOUNT 52.99  
P.S.I. fee 1.00  
P.S.I. 2.15

SUBTOTAL \$ 59.94  
TTP \$ 8.00  
TOTAL \$ 67.94

SIGNATURE X  
JANET L. CURTIS M

I AGREE TO PAY TOTAL AMOUNT  
ACCORDING TO CARD ISSUER DECLARATION

TOP COPY RETURNED/BOTTOM COPY DESTROYED  
\*\*\*\*\*

0020

Server: ERIN W  
08/01/07 12:25, Swiped

Rev  
Terminal

BOSTON PIZZA  
2011 Winston Park Dr.  
Oakville, Ont.  
(905)829-8370  
MERCHANT #: 01840479

\*\*\*Duplicate Copy\*\*\*

Transaction Record

Trans 1. 15891  
Visa PreAuth and Hold  
XXXXXXXXXXXX5411 S

Amount: \$35.39

Tip: \_\_\_\_\_

Total: \_\_\_\_\_

APPROVED 043661  
00-001 043661  
BP044403/BP444C01  
359001001022  
2007/08/01-12:27:55

X  
Cardholder Signature



MONTFORT (OAKVILLE) L  
1131 INVICTA DR. L6H1M4  
OAKVILLE ON  
20795120

|||| PRE AUTH PURCHASE ||||

07-06-2007 12:54:46  
Acct # .....5411 S  
Exp Date 02/08 Card Type VI  
Name:

Trace # 100016  
FS2079512001

Inv. # 9646  
Auth # 053072 RRN 001201016

P. Auth Purchase \$34.45  
Tip 5.21  
Total 39.45

Customer copy



305 Mega Blvd, Mississauga  
L5L 5Y3, Canada  
905-828-9119

GST#: 853781136RT0001

Date: Jul12'07 12:48PM  
Card Type: Visa  
Acct #: XXXXXXXXXXXX5411  
Exp Date: 02/08  
Auth Code: 050702  
Check: 660  
Table: 112/1  
Server: 13 AM BAR A  
CHRIS K JARRATT

Subtotal: 65.69

Tip: 8.00

Total: 73.69

Signature

I agree to pay above total  
according to my card issuer  
agreement.

\*\*\* Customer Copy \*\*\*

6.00  
61.46



LEGHORN'S  
975 MAIN STREET E  
HAMILTON ON

CARD NUMBER 4500600101385411  
EXPIRY DATE 0208  
CARD TYPE VISA 0894  
DATE/TIME 2007/09/21 19:41:14  
RECEIPT NUMBER 980568741-767-013  
AUTHORIZATION  
AMOUNT \$232.50

TIP 50.00

TOTAL AMOUNT 342.50

01 APPROVED 017 AUTH. # 030489  
THANK YOU

CARDHOLDER WILL PAY TOTAL AMOUNT SHOWN  
TO CARD ISSUER ACCORDING TO CARDHOLDER  
AGREEMENT.

CHRIS K JARRATT

0025

Server: TAYLOR C  
09/24/07 12:51, Swiped

Rec: 15  
Terminal: 1

BOSTON PIZZA  
2011 Winston Park Dr.  
Oakville, Ont.  
(905)829-8370  
MERCHANT #: 01840479

\*\*\*Duplicate Copy\*\*\*

Transaction Record

Tran #: 25373  
Visa PreAuth and Hold  
xxxxxxxxxxxx5411 S

Amount: \$50.65

Tip: 2.00

Total: 57.65

APPROVED 052700  
00-001 052700  
BP044401/BP444C01  
408001001024  
2007/09/24-12:54:57

X  
Cardholder Signature

DAI ICHI SUSHI 2  
3105 WINSTON CHURCHILL BL  
MISSISSAUGA ON

Term Id: PS014785  
Invoice #: 800  
VISA PREAUTH  
Card #: XXXXXXXXXXXX5411

APPROVED 001

AMOUNT \$48.20

TIP 6.00

TOTAL 54.28

I hereby acknowledge total,  
amount and holder in merchant  
agreement. Refund this copy  
for cardholder.

Ref: 01 015000 S  
Auth: 01 015000 S  
Date: 2007 09/24 Time: 12:40P

\*\*\*CUSTOMER COPY\*\*\*



# milestones

GRILL + BAR

3051 Vega Blvd, Mississauga  
L5L 5Y3, Canada

905-828-9119

GST#: 853781136RT0001

Date: Sep28'07 12:33PM

Card Type: Visa

Acct #: XXXXXXXXXXXX5411

Exp Date: 02/08

Auth Code: 080246

Ch #: 591

Exp: 415/1

Server: 13 AM BAR

CHRIS K JARRAT

Subtotal: 48.83

Tip: 7.00

Total: 55.83

Signature

I agree to pay above total  
according to my card issuer  
agreement.

\*\*\* Customer Copy \*\*\*

0015

Server: ADELE S

Rec: 4

09/13/07 12:22, Swiped

Terminal: 3

BOSTON PIZZA

2011 Winston Park Dr.

Oakville, Ont.

(905)829-8370

MERCHANT #: 01840479

\*\*\*Duplicate Copy\*\*\*

Transaction Record

Tran #: 15567

Visa PreAuth and Hold

XXXXXXXXXXXX5411 S

Amount: \$35.39

Tip: 5.00

Total: 39.39

APPROVED 051525

00-001 051525

BP044403/BP444C01

397001001015

2007/09/13-12:24:55

X  
Cardholder Signature

ENGLISH DRY FISH & CHIPS  
511 M... ROUE DRIVE  
OAKVILLE ON

CARD \*\*\*\*\*5411

CARD TYPE VISA

DATE 2007 09 10

TIME 0067 12:49:49

RECEIPT NUMBER

30706900-001-105-001-0

PRE AUTHORIZED

AMOUNT \$45.08

TIP 6.00

END 57.08

APPROVED

AUTH# 081620 01-027

THANK YOU

CARDHOLDER COPY



Page 10 of 10

Sale

0000005411

DATE: 10/10/2008

10.30.46  
10.31.15

1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069 2070 2071 2072 2073 2074 2075 2076 2077 2078 2079 2080 2081 2082 2083 2084 2085 2086 2087 2088 2089 2090 2091 2092 2093 2094 2095 2096 2097 2098 2099 2100 2101 2102 2103 2104 2105 2106 2107 2108 2109 2110 2111 2112 2113 2114 2115 2116 2117 2118 2119 2120 2121 2122 2123 2124 2125 2126 2127 2128 2129 2130 2131 2132 2133 2134 2135 2136 2137 2138 2139 2140 2141 2142 2143 2144 2145 2146 2147 2148 2149 2150 2151 2152 2153 2154 2155 2156 2157 2158 2159 2160 2161 2162 2163 2164 2165 2166 2167 2168 2169 2170 2171 2172 2173 2174 2175 2176 2177 2178 2179 2180 2181 2182 2183 2184 2185 2186 2187 2188 2189 2190 2191 2192 2193 2194 2195 2196 2197 2198 2199 2200 2201 2202 2203 2204 2205 2206 2207 2208 2209 2210 2211 2212 2213 2214 2215 2216 2217 2218 2219 2220 2221 2222 2223 2224 2225 2226 2227 2228 2229 2230 2231 2232 2233 2234 2235 2236 2237 2238 2239 2240 2241 2242 2243 2244 2245 2246 2247 2248 2249 2250 2251 2252 2253 2254 2255 2256 2257 2258 2259 2260 2261 2262 2263 2264 2265 2266 2267 2268 2269 2270 2271 2272 2273 2274 2275 2276 2277 2278 2279 2280 2281 2282 2283 2284 2285 2286 2287 2288 2289 2290 2291 2292 2293 2294 2295 2296 2297 2298 2299 2300 2301 2302 2303 2304 2305 2306 2307 2308 2309 2310 2311 2312 2313 2314 2315 2316 2317 2318 2319 2320 2321 2322 2323 2324 2325 2326 2327 2328 2329 2330 2331 2332 2333 2334 2335 2336 2337 2338 2339 2340 2341 2342 2343 2344 2345 2346 2347 2348 2349 2350 2351 2352 2353 2354 2355 2356 2357 2358 2359 2360 2361 2362 2363 2364 2365 2366 2367 2368 2369 2370 2371 2372 2373 2374 2375 2376 2377 2378 2379 2380 2381 2382 2383 2384 2385 2386 2387 2388 2389 2390 2391 2392 2393 2394 2395 2396 2397 2398 2399 2400 2401 2402 2403 2404 2405 2406 2407 2408 2409 2410 2411 2412 2413 2414 2415 2416 2417 2418 2419 2420 2421 2422 2423 2424 2425 2426 2427 2428 2429 2430 2431 2432 2433 2434 2435 2436 2437 2438 2439 2440 2441 2442 2443 2444 2445 2446 2447 2448 2449 2450 2451 2452 2453 2454 2455 2456 2457 2458 2459 2460 2461 2462 2463 2464 2465 2466 2467 2468 2469 2470 2471 2472 2473 2474 2475 2476 2477 2478 2479 2480 2481 2482 2483 2484 2485 2486 2487 2488 2489 2490 2491 2492 2493 2494 2495 2496 2497 2498 2499 2500 2501 2502 2503 2504 2505 2506 2507 2508 2509 2510 2511 2512 2513 2514 2515 2516 2517 2518 2519 2520 2521 2522 2523 2524 2525 2526 2527 2528 2529 2530 2531 2532 2533 2534 2535 2536 2537 2538 2539 2540 2541 2542 2543 2544 2545 2546 2547 2548 2549 2550 2551 2552 2553 2554 2555 2556 2557 2558 2559 2560 2561 2562 2563 2564 2565 2566 2567 2568 2569 2570 2571 2572 2573 2574 2575 2576 2577 2578 2579 2580 2581 2582 2583 2584 2585 2586 2587 2588 2589 2590 2591 2592 2593 2594 2595 2596 2597 2598 2599 2600 2601 2602 2603 2604 2605 2606 2607 2608 2609 2610 2611 2612 2613 2614 2615 2616 2617 2618 2619 2620 2621 2622 2623 2624 2625 2626 2627 2628 2629 2630 2631 2632 2633 2634 2635 2636 2637 2638 2639 2640 2641 2642 2643 2644 2645 2646 2647 2648 2649 2650 2651 2652 2653 2654 2655 2656 2657 2658 2659 2660 2661 2662 2663 2664 2665 2666 2667 2668 2669 2670 2671 2672 2673 2674 2675 2676 2677 2678 2679 2680 2681 2682 2683 2684 2685 2686 2687 2688 2689 2690 2691 2692 2693 2694 2695 2696 2697 2698 2699 2700 2701 2702 2703 2704 2705 2706 2707 2708 2709 2710 2711 2712 2713 2714 2715 2716 2717 2718 2719 2720 2721 2722 2723 2724 2725 2726 2727 2728 2729 2730 2731 2732 2733 2734 2735 2736 2737 2738 2739 2740 2741 2742 2743 2744 2745 2746 2747 2748 2749 2750 2751 2752 2753 2754 2755 2756 2757 2758 2759 2760 2761 2762 2763 2764 2765 2766 2767 2768 2769 2770 2771 2772 2773 2774 2775 2776 2777 2778 2779 2780 2781 2782 2783 2784 2785 2786 2787 2788 2789 2790 2791 2792 2793 2794 2795 2796 2797 2798 2799 2800 2801 2802 2803 2804 2805 2806 2807 2808

Date: 08/11/99

5000 45 25 00

U

System

\*\*\*\*\*

DATE 10/02/07 TIME 12:41  
MID 45024085300 2216  
48118

EAST SIDE MARIOS  
2035 WINSTON PARK DRIVE  
OAKVILLE, ONTARIO  
L6H 6P5  
905-829-3233  
e Sign & Return Merchant Copy \*\*  
GST #868799651

VISA 4500600101385411 S H H  
AUTH 073559 TABLE 53 CHECK . 05

PURCHASE                      DINING                      JENNA

AMOUNT	32.34
P.S.T.	2.59
G.S.T.	1.94

SUBTOTAL \$ 36.87

TIP \$ 5.00

TOTAL \$ 41.61

CUSTOMER COPY

\*\*\*\*\*

milestones  
GRILL + BAR

3051 Vega Blvd, Mississauga  
L5L 5Y3, Canada  
905-828-9119

GST#: 853781136RT0001

Date: Oct01'07 01:06PM  
Card Type: Visa  
Acct #: XXXXXXXXXXXX5411  
Exp Date: 02-08  
Auth Code: 063373  
Check: 540  
Table: 417/1  
Server: 13 AM BAR A  
CHRIS K JARRATT

Subtotal: 49.41

Tip: 1033

Total: 56.91

Signature

I agree to pay above total  
according to my card issuer  
agreement.

\* \* \* \* Customer Copy \* \* \* \*



Rec: 12  
Terminal: 3

park Dr.

1840479

icate Copy\*\*\*

### n Record

and Hold  
411 S

t: \$58.39

p: 200

1: 65.39

195

.4C01

1:44:37

002.1

Server: LAURA M  
08/23/07 12:26, Swiped

Rec: 9  
Terminal: 4

BOSTON PIZZA  
2011 Winston Park Dr.  
Oakville, Ont.  
(905) 829-8370  
MERCHANT #: 61840479

\*\*\*Duplicate Copy\*\*\*

Transaction Record

Tran # 15  
Visa # and Hold  
XX-XXXX-XXXX 411 S

Amount: \$39.45

Tip: 5.00

Total: 44.45

APPROVED 072258  
00 001 072258  
10-44404/BP444C01  
379001001027  
2007/08/23-12:28:47

X. \_\_\_\_\_  
Cardholder Signature

# SWISS CHALET

1011 Upper Middle Rd  
Oakville, ON, L6J 4Z2  
Phone# (905) 844-8751  
100803717RT1001

in Atlanta

1/1 100% 4500  
100519 1514

Subtotal	9.43
SST	1.85
TST	2.51
Total Due	35.83

PLEASE PAY YOUR GROSSER

\*\* \$1,000 WINNER EVERY WEEK \*\*  
 Tell us about your experience  
 for a chance to WIN \$1,000!  
 Please Visit us at:  
 www.swisschalet.com/feedback  
 or call 1-800-341-0457  
 Use this code to enter: 172F

\*\* KEEP THIS RECEIPT TO



**MONTFORT**  
MEDITERRANEAN CUISINE

376 Iroquois Shore Rd.  
Oakville, Ontario  
905. 845. 7937

Table #10

Trans#: 7258 Serv: Fery  
1/01/2007 11:37:55 AM # Cust:

Quan	Descript	Cost
2	Diet Pepsi	\$3.50
1	Cranberry Juice	\$2.50
2	Sm Shawarma dish	\$33.90
2	w greek	\$3.00

Net Total: \$42.90  
PST \$3.43  
\$2.57

**TOTAL : \$48.90**

Food: \$36.90  
Beverage: \$6.00

Thank You!

www.montfortrestaurants.com

ST LOUIS BAR AND GRILL  
2502 HAMPSHIRE GAT L6H6A2  
OAKVILLE ON  
90503013

PRE AUTH PURCHASE

Card # 0001 12 41 10  
Acct # 0000000000000000 S  
Exp Date 01/01 01/01 Card Type VI  
Name CHRIS K JARRATT

Trace # 170002 Amount 002  
FS2079512001

Inv # 535  
Auth # 011843 RRN 001340005

P Auth Purchase 116  
Tip 7.00

**Total 57.50**

Customer copy

MONTFORT (OAKVILLE) L  
1131 INVICTA DR. L6H1M4  
OAKVILLE ON  
20795120

Card # 0001 12 41 10  
Acct # 0000000000000000 S  
Exp Date 01/01 01/01 Card Type VI  
Name CHRIS K JARRATT

Trace # 170002 Amount 002  
FS2079512001

Inv # 535  
Auth # 011843 RRN 001340005

P Auth Purchase 116  
Tip 7.00

**Total 57.50**

RISTORANTE PARADISO  
125 LAKESHORE  
OAKVILLE ON

CARD \*\*\*\*\*75411  
CARD TYPE VISA  
DATE 2007/10/27  
TIME 1137 21:54:31  
RECEIPT NUMBER  
S30540516-001-314-144-0

PRE-AUTHORIZATION  
AMOUNT \$159.05

TIP

TOTAL-CAD

APPROVED

AUTH# 023804 01-02  
THANK YOU

CARDHOLDER COPY

MONTFORT (OAKVILLE) L  
1131 INVICTA DR. L6H1M4  
OAKVILLE ON  
20795120

1111 PRE AUTH PURCHASE 1111  
11-01-2007 12:37:26  
Acct # 0000000000000000 S  
Exp Date 02/08 Card Type VI  
Name: CHRIS K JARRATT

Trace # 170005  
FS2079512001  
Inv # 7976  
Auth # 011843 RRN 001340005

P Auth Purchase \$48.90  
Tip 7.10  
**Total 56.00**

Customer copy



\*\*\*\*\*  
7 TIME 1:38PM  
40367195704

E KEG YORK STREET  
165 York St  
Toronto, Ontario  
M5H3R8  
14167031773

XXXXXXXXXXXXXXXXXXXX5411 S  
TBL 57 CHECK 435714  
DINING CHRIS K

KEG508C2 075001001305  
3062 00-001

64.20  
3.85  
0.73  
4.55

TOTAL \$ 73.33

TIP \$.....

TOTAL \$.....  
=====

\*\*\*\*\*  
DATE 10/25/07 TIME 12:41PM  
MID 45024783866 4783866

Jack Astor's Dundas  
3047 Vega Blvd  
Mississauga, Ont  
905-820-4511

VISA XXXXXXXXXXXXXXX5411 S  
AUTH 047083 TBL 55 CHECK 91631  
PRE-AUTH DINING ROOM Chris R.

AMOUNT 37.34  
DALTON FOOD 2.99  
HARPER TX 2.24

SUBTOTAL \$ 42.57

TIP \$ 6.00

TOTAL \$ 48.57  
=====

CUSTOMER COPY

\*\*\*\*\*

CEX # 91631  
TABLE # 55

DATE 10/25/07  
TIME 12:21PM

-- DINING ROOM : Chris R. --

ITEMS ORDERED	AMOUNT
2 SOD.BOWL	8.88
2 CALIF.CHR.SALAD	23.88
1 POP., DIET.COKE	2.59
1 JUICE, CRANBERRY/SODA	1.99

\*\*\*\*\*

SUBTOTAL 37.34  
DALTON FOOD 2.99  
HARPER TX 2.24

TOTAL DUE 42.57  
=====

JACK ASTOR'S DUNDAS  
3047 Vega Blvd., Mississauga  
905-820-4511

Join us for NFL Football Parties!!  
\$\$ HALF PRICED APPETIZERS IN THE BAR \$\$  
DURING EVERY GAME!!!  
GST# 868715756RT0025

ASK ABOUT OUR GIFT CARDS! ON SALE NOW!

TALK TO US ABOUT YOUR HOLIDAY PARTY!

WE WANT TO BOOK YOUR EVENT HERE, NOW!



SMOKE BARBEQUE & GRILL  
3420 REBECCA ST U L6L6W2  
OAKVILLE ON  
22287896

PRE AUTH PURCHASE  
10-13-2007 22:04:50  
Acct # .....5411 S  
Exp Date 02/08 Card Type VI  
Name:

Trace # 550045  
FS2228789601

Inv. # 2330  
Auth # 029883 RRN 001154045

P. Auth Purchase \$83.69

Tip

Total

Customer copy

SWISS CHALET  
#A-1011 UPPERMIDDLE RD E  
OAKVILLE, ON L6J4Z2  
905-844-8751  
VISA MID 17168870012  
MASTERCARD MID 27168870012

Merchant ID: 040000098970  
Term ID: 102  
Clerk ID: 72

Ref #: 003

GST #:

Sale

XXXXXXXXXXXX5411

VISA

Entry Method: Swiped

10/17/07

12:27:40

Inv #: 000003

Appr Code: 021498

Prvd: Online

Batch#: 000069

Amount:

\$ 33.55

Tip:

5.00

Total:

~~38.55~~  
53.55

Cust...

\*\*\*\*\*

CHECK # 435714

DATE 10/23/07

TABLE # 57

TIME 1:32PM

\*\*\*\*\*

-- DINING : CHRIS K --

ITEMS ORDERED	AMOUNT
1 !PRIME RIB DIP	12.95
1 !CLUB SALAD	10.95
1 !CHICKEN CAESAR	10.95
1 CAPPUCINO	2.95
1 COFFEE	2.75
1 !DAY SOUP	4.95
1 !ONION SOUP	5.95
1 LRG CREAMORE	7.25
1 CRANBERRY JUICE	2.75
1 DIET PEPSI	2.75
1 TABLE BREAD 4PCS	0

\*\*\*\*\*

SUBTOTAL	64.20
GST	3.85
LIQ TAX	0.73
PST	4.55

TOTAL DUE 73.33

Any comments on your experience are appreciated call Geoff Fried (General Manager) at (416) 703-1773 or you can email [yorkstreet@kegrarestaurants.com](mailto:yorkstreet@kegrarestaurants.com)

Thank You, Have a great day!

GST # R1228336



SMOKE BARBEQUE & GRILL  
3420 REBECCA ST U L6L6W2  
OAKVILLE ON  
22287896

|||| PRE AUTH PURCHASE ||||

10-05-2007 13:24:53  
Acct # .....5411 S  
Exp Date 02/08 Card Type VI  
Name: CHRIS K JARRATT

Trace # 480008

FS2228789601

Inv. # 2193

Auth # 030274 RRN 001147008

P.Auth Purchase \$72.44

Tip 10.00

Total 82.44

Customer copy

Server: LAURA M  
10/03/07 12:39, Swiped

Rec: 10  
Terminal: 4

UN PIZZA

2011

(

1479

\*\*\*Late Copy\*\*\*

Transaction Record

Tran #: 26601

Visa PreAuth and Hold

xxxxxxxxxxxx5411 S

Amount: \$33.47

5.00

Total: 38.47

APPROVED 099375

00-001 099375

BP044404/BP444C01

416001001024

2007/10/03-12:43:21

X.   
Cardholder Signature





Vega Blvd, Mississauga  
L5L 5Y3, Canada  
905-828-9119

IST#: 853781136RT0001

Sep14'06 12:45PM

ype: Visa

: XXXXXXXXXXXX1425

te: 02-08

ode: 055168

405

51/1

: 145 NICK J  
CHRIS K JARRATT

al: 51.91

7.00

58.91

ore

e to pay above total  
ing to my card issuer  
ent.

\* Customer Copy \* \* \* \*

\*\* CUSTOMER COPY \*\*

TRANSACTION RECORD

200911 14:07

SWISS CHARLET #15468

470 VANCE RD

ST CATHERINE, ON

L7S 4C7

CARD # XYZXXXXXXX1425

RECEIVED VIA

RECEIVED VIA

14.01

6.00

50.01

1001 000

000 000

THANK YOU

TERMINAL ID: 00000001

MERCHANT #1 00000000

STAPLES Business Depot

Store # 78

2460 Winston Churchill Blvd

Oakville, ON L6H6J6

905-829-1960

Sale

00030 4 001 38580

0078 05/31/06 06:07

1	ESPRESSO LTR SORTR	
	718103042529	13.33B
1	COMPOSITION BOOK:B	
	069775460365	7.96B
1	COIL NOTE BOOK	
	065800131217	0.99B
1	COIL NOTE BOOK	
	065800131217	0.99B
1	COIL NOTE BOOK	
	065800131217	0.99B
1	EXERCISE BOOKS,4PK	
	065800126923	1.84B
1	ESPRESSO LTR TRAY	
	718103042536	16.86B
Subtotal		42.96
PST 8.00%		3.44
GST 7.00%		3.01
Total		\$49.41

Visa 49.41  
\*\*\*\*\*1425  
Visa Swiped Purchase  
Authorization Number 037048  
0010011750 38580 66067510  
30 05/31/06 17:57:55  
01/027 APPROVED - THANK YOU



27-11

JAPANESE RESTAURAN  
HURCH ST L6J1N1  
LLE ON

20283895

# JARRATT CHRIS K  
4500620000311425

Date 06/10/29 Time 18 27 52  
0802 Auth # 040515  
Type VI Tran Code 01  
33895001 001102003

Op ID: 001

Invoice No.: 22546

Subtotal \$84.28  
Tip 12.00  
Total 96.28

Signature X  
I agree to pay above total amount  
according to card issuer agreement  
Retain this copy for your records

copy-customer Bottom copy-merchant

TRANSACTION RECORD 06/09/15/12:49

SWISS CHALET  
#A-1011 UPPERMIDDLE  
OAKVILLE ONTARIO  
L6J4Z2

TERM ID: 03218456 OP ID: 040  
MID: 00430053  
CARD # 4500XXXXXXX1425 EXP: 02 08  
ACCT TYPE: VISA PURCHASE  
REF NO: 0001545 AMOUNT \$40.36

TIP: \$ 7.00

TOTAL: \$ 56.36

(001) APPROVED - THANK YOU AUTH #007875

CARDHOLDER AGREES TO PAY ISSUER SUCH  
TOTAL IN ACCORDANCE WITH ISSUER'S  
AGREEMENT WITH CARDHOLDER

X [Signature]  
CARDHOLDER SIGNATURE

ST LOUIS BAR AND GRILL  
2508 HAMPSHIRE GAT L6H6A2  
OAKVILLE ON

20108613

Name: JARRATT CHRIS K  
Acct # 4500620000311425

Date 06/09/15 Time 12 30 49  
Exp Date 0802 Auth # 037500  
Card Type VI Tran Code 01  
N20108613001 001715001

Op ID: 003

Invoice No.: 14326

*100%  
copy*

Subtotal \$48.17  
Tip  
Total

Signature X  
I agree to pay above total amount  
according to card issuer agreement  
Retain this copy for your records

Top copy-customer Bottom copy-merchant

THAI CHEF RESTAURANT  
300 LAKESHORE RD E L6J2J1  
OAKVILLE ON  
20916359

PRE AUTH PURCHASE

10-14-2006 19:20:30  
Acct # .....1425 S  
Exp Date 02/08 Card Type VI  
Name CHRIS K JARRATT

Inv. # 2605  
T209 339001  
Auth # 033455 BRN 001

P. Auth # 377 77  
Tip

Total

Customer copy



IN RECORD 061016/12:34

ET  
PERMIDDLE  
ONTARIO

12400043 OP ID: 001  
13  
XXXXXXXXXX1425 EXP: 02 08  
VISA PURCHASE  
00053 AMOUNT \$46.50

TIP: \$ 7.50  
TOTAL: \$ 54.00

OVED - THANK YOU AUTH #032906

AGREES TO PAY ISSUER SUCH  
CORDANCE WITH ISSUER'S  
WITH CARDHOLDER

CARDHOLDER SIGNATURE

0014

Server: KATARZYNA K  
10/19/06 12:31, Swiped

Rec: 4  
Terminal: 3

BOSTON PIZZA  
2011 Winston Park Dr.  
Oakville, Ont.  
(905)829-8370  
MERCHANT #: 01840479

\*\*\*Duplicate Copy\*\*\*

Transaction Record

Tran #: 16737  
Visa PreAuth and Hold  
XXXXXXXXXXXX1425 S

Amount: \$43.83

Tip: \_\_\_\_\_

Total: \_\_\_\_\_

APPROVED 046954  
00-001 046954  
BP044403/BP444C01  
074001001051  
2006/10/19-12:31:30

X  
Cardholder Signature





551 Vega Blvd, Mississauga  
L5L 5Y3, Canada  
905-828-9119  
GST#: 853781136RT0001  
Date: Apr16'07 01:07PM  
Type: Visa  
#: XXXXXXXXXXXX5411  
Code: 026115  
k: 214  
e: 24/1  
er: 194 JOEL B  
CHRIS K JARRATT

total: 90.93

1: 100.93

ature

ee to pay above total  
ding to my card issuer  
ement.

\* Merchant Copy \* \* \* \*

**AVIS** We try harder. ®  
On y met du coeur.

TRANSACTION RECORD / RELEVÉ DE TRANSACTION

RENTAL NUMBER CAR NUMBER CAR CLASSIFICATION  
N° DU CONTRAT DE LOCATION N° DU VEHICULE CLASSIFICATION DU VEHICULE

968447572 7801264 W

GST NO R100361989  
JARRATT, CHRISTOPHER MR

AWD = C322200

CV - CXXXXXXXXXXXX1425

\* FTN CA/515414886 PU

OUT YVR 19SEP06/0958 KM = 10782

IN YVR 20SEP06/1237 KM = 11266

484 KM@ .00 =

2 HR@ 20.00 = 40.00

1 DY@ 59.99 = 59.99

GST TAX = 17.37

ONE WAY FEE/MISC =

\*\*17.24% FEE = 29.37

\*\*VLF FEE = 2.48

TAXABLE SUBTOT = 131.84

TAX 7.000% = 9.23

\*\$1.50/DY SURCHG = 3.00

GAS SVC OPTION = 90.77

PAI/PEP/ALI CHG = 67.90

TOTAL CHARGES = 320.11

\* CONCESSION RECOVERY FEE

\*\*VEH LICENSE FEE \$1.24/DY

FF MLS/PNTS EARNED 500

Thank you for renting from Avis. We value your business. Have a safe trip.  
Merci de louer chez Avis. Nous estimons votre clientèle.  
Conduisez prudemment.

ENTERPRISE  
RENT-A-CAR

GOODYEAR  
432 N. LITCHFIELD RD #300  
GOODYEAR, AZ 853081201  
(623) 932-2501  
BRANCH: 5043  
TICKET: 166976

SHANE MURPHY  
OUT: 01/16/2006 1123 AM  
IN: 01/19/2006 1212 PM  
VEHICLE: 06 GSV IBLZ 4LS2  
VEHICLE SOURCE: 825JGL

3 DAYS @ 38.00 = 114.00  
STD.25% = 3.71  
VLS = 5.70  
Sales Tax @ 8.300% = 9.46  
TOTAL 132.87

CHARGE TO: XXXXXXXXXXXX6562 EXPIRES: xx/xx

THANK YOU FOR RENTING FROM  
ENTERPRISE RENT-A-CAR

TO RESERVE A CAR USE  
1 (800) RENT-A-CAR  
OR

Thank you  
**TASTY THAI CUISINE**  
2055 Winston Park Dr. Un.K2 Oakville, ON  
Tel: 905-829-2909  
Check #: 99031094

Server: PanitaS Date: 10/26/2006  
Table: 8 Time: 13:17  
Client: 2

1 Combo #3 8.00  
1 Combo #1 8.00  
2 Mango Juice 5.00

SUB-TOTAL: 21.00

Gst: 1.26

Food Tax: 1.68

TOTAL: 23.94

WWW.TASTYTHAI.CA  
GST#86728 6403RT001

ST. LOUIS BAR AND GRILL  
2508 HAMPSHIRE GAT L6H6A2  
OAKVILLE ON  
20108613

CHRG: \*\*\*\*\*5411  
CARD TYPE VISA  
DATE 2007 04 15  
TIME 12:48:07  
RECEIPT NUMBER

PRE AUTHORIZATION  
AMOUNT 447.02

TIP 60.00

TOTAL 447.02

APPROVED

01-027

ST LOUIS BAR AND GRILL  
2508 HAMPSHIRE GAT L6H6A2  
OAKVILLE ON  
20108613

PRE AUTH PURCHASE

05-02 2007 12:48:07  
Access \*\*\*\*\*5411 S  
Exp Date 02/08 Card Type VI  
Name

Trace # 700005 Operator 002  
152010861302

Inv. # 1457  
Auth # 015609 RRN 001077005

P. Auth Purchase \$53.30  
Tip 7.00  
Total 60.30

Customer copy



TRANSACTION REF:

0000 11/07/07 12:49:51  
0000 11/07/07 12:49:51  
0000 11/07/07 12:49:51

SA  
00000000

0000 11/07/07 12:49:51  
0000 11/07/07 12:49:51

0000

0000 11/07/07 12:49:51

7.00  
56.31

CUSTOMER COPY

\*\*\*\*\*  
/07 TIME 1:11PM  
33866 4783866

Jack Astor's Dundas  
3047 Vega Blvd  
Mississauga, Ont  
905-820-4511

XXXXXXXXXXXXXXXXXXXX5411 S  
TBL 55 CHECK 5424  
DINING ROOM David C.

29.94  
2.40  
1.80

TOTAL \$ 34.14

TIP \$.....

TOTAL \$.....

CUSTOMER COPY

\*\*\*\*\*

0013

Server: MELINDA M  
03/19/07 12:49, Swiped

Rec: 5  
Terminal: 4

BOSTON PIZZA  
2011 Winston Park Dr.  
Oakville, Ont.  
(905)829-8370  
MERCHANT #: 01840479

\*\*\*Duplicate Copy\*\*\*

Transaction Record

Tran #: 15164  
Visa PreAuth and Hold  
XXXXXXXXXXXX5411 S

Amount: \$40.58

Tip: 5.00

Total: 45.58

APPROVED 086024  
00-001 086024  
BP044404/BP444C01  
225001001025  
2007/03/19 14:52

X  
Cardholder Signature

04/11/07 12:51, Swiped Rec: 5  
Terminal: 4

BOSTON PIZZA  
2011 Winston Park Dr.  
Oakville, Ont.  
(905)829-8370  
MERCHANT #: 01840479

\*\*\*Duplicate Copy\*\*\*

Transaction Record

Tran #: 4182  
Visa PreAuth and Hold  
XXXXXXXXXXXX5411 S

Amount: \$47.14

Tip: 6.00

Total: 53.14

APPROVED 044291  
00-001 044291  
BP044403/BP444C01  
248001001042  
2007/04/11-12:51:41

X  
Cardholder Signature

CUSTOMER COPY

APR 13 2007 12:47 PM  
SEQ 319001001002  
AUTH 018716

\*\*\*\*\*5411  
Visa

TOTAL \$ 41.00  
POURBOIRE/TIP \$ 5.00  
PRE-AUTH \$36.00

STORE: 4095754  
SLIP #: 0124  
ID: 84095754

ENGLISH BAY FISH & CHIPS  
511 MAPLE GROVE DRIVE  
OAKVILLE



OAKVILLE  
ire Gate Dr. Oakville, ON  
1: 905-829-0993  
Check: 460014

TRANSACTION RECORD

MR. GREEK-OAKVILLE  
2501 Hampshire Gate  
(905) 829-0330

Date: 05/03/2007  
Time: 09:03

CARD TYPE: VISA  
Nu.: \*\*\*\*\*6842  
ENTRY: SWIPED  
Customer: ALEXANDRA READE  
AUTHORIZATION: 036913  
TERMINAL: 1  
REFERENCE: 173592

-5411  
S K  
067913 ONLINE  
9999

ITAL \$ 53.34

TIP \$ 7.50

TOTAL \$ 60.84

STOMER COPY \*\*

PLEASE PAY SERVER

PURCHASE \$109.50  
TIP  
TOTAL

THANK YOU  
MARCH 10, 2007 18:42:17  
Server's name: george

CUSTOMER COPY

ST LOUIS BAR AND GRILL  
2508 HAMPSHIRE GAT L6H6A2  
OAKVILLE ON 20108613

Name: JARRATT CHRIS  
Acct #: 450062000011425

Date 07/01/04 Time 13 00 24  
Exp Date 0802 Auth # 012997  
Card Type VI Tran Code 01  
N20108613002 001837003

Op ID: 002

Invoice No.: 25262

Subtotal \$30.78  
Tip 5.00  
Total 35.78

Signature X  
I agree to pay above total amount  
according to card issuer agreement  
Return this copy for your records

\*\*\*\*\*  
DATE 4/30/07 TIME 12:23PM  
MID 45024783866 4783866

Jack Astor's Dundas  
3047 Vega Blvd  
Mississauga, Ont  
905-820-4511

VISA XXXXXXXXXXXXXXX5411 S  
AUTH 004385 TBL 54 CHECK 23100  
PRE-AUTH DINING ROOM Byron J.

AMOUNT 27.55  
JALTON FOOD 2.20  
HARPER TX 1.85

SUBTOTAL \$ 31.40

TIP \$

TOTAL \$

CUSTOMER COPY

\*\*\*\*\*

THE KING'S ARMS  
323 CHURCH STREET L6J1P2  
OAKVILLE ON 20084848

Name: JARRATT CHRIS K  
Acct #: \*\*\*\*\*5411

Date 07/04/14 Time 19 19 27  
Exp Date 0802 Auth # 080196  
Card Type VI Tran Code 01  
N20084848001 001216036

Op ID: 011 ALISON

Invoice No.: 27687

Subtotal \$209.87  
Tip  
Total

Retain this copy for your records

Customer Copy



RECEIVED: 1964 OCT 10 10 10 AM

X JARRATT/CHRIS K.  
I agree to pay above total according



TRANSACTION RECORD

MR. GREEK-OAKVILLE  
Mediterranean Grill  
(905) 829-0330

BAR AND GRILL  
SHIRE GAT L6H6A2  
ON

20108613

JARRATT CHRIS K  
4500620000311425

CARD TYPE: TSA  
Nu.:\*\*\* \*\*\*1425  
ENTRY:SW...ED  
Customer: CHRIS K JARRATT  
AUTHORIZATION:052688  
TERMINAL:1  
REFERENCE:157591

06/12/01 Time 13 02 43  
0802 Auth # 077833  
VI Tran Cod.  
0001 001792004

PURCHASE \$43.09

TIP 6.00

TOTAL 49.09

THANK YOU  
DECEMBER 1, 2006 19:56:29  
Server's name: ariel

CUSTOMER COPY

09

Invoice No.: 16165

Subtotal \$49.95  
Tip -----  
Total -----

Signature X \_\_\_\_\_  
to pay above total amount  
ag to card issuer agreement  
in this copy for your records

Signature X \_\_\_\_\_  
to pay above total amount  
ag to card issuer agreement  
in this copy for your records

Signature X \_\_\_\_\_  
to pay above total amount  
ag to card issuer agreement  
in this copy for your records

\*\*\*\*\*  
DATE 11/20/06 TIME 13:02  
PID 0502511469 511469

BLISS FAZORLI'S OAKVILLE  
2015 WINTON PARK DRIVE  
OAKVILLE, ONTARIO  
L6H 6P5  
905-829-3250  
GST REGISTRATION # R97030682

USA \*\*\*\*\*1425 S 02/00  
000 070923 TABLE 31 CHECK 702

PURCHASE DYNAS PERK ANDREX

AMOUNT 63.40  
F.S.I. fee 4.87  
G.S.T. 3.80

SUBTOTAL \$ 60.87

TIP \$ 9.00

TOTAL \$ 69.87

SIGNATURE X \_\_\_\_\_  
JARRATT CHRIS K

I AGREE TO PAY TOTAL AMOUNT  
ACCORDING TO CARD ISSUER AGREEMENT

TOP COPY MERCHANT/BOTTOM COPY CUSTOMER  
\*\*\*\*\*



SWISS CHALET  
 141 LAKESHORE RD E  
 OAKVILLE ON L6M 4A1  
 905 844 8872  
 VISA MID 11168300012  
 MCKARD MID 21062100012

Ref #  
 00000009 9.0  
 102  
 100 91  
 GST #:

Sale

XXXXXXXXXXXX1425

VISA

Enter Method: Sale

01/00/07

10/00

Inv # 000007

Auth Code: 0000

Approved: 000007

Det: 000007

Amount:

28.00

Tip:

Total:

Customer Copy



DATE: 01/00/07  
 TIME: 10:00  
 AMOUNT: 28.00  
 TIP: 0.00  
 TOTAL: 28.00  
 AUTH CODE: 000007  
 DET: 000007  
 INV: 000007  
 APPROVED: 000007

Signature

100%

Tip:

Total:

Signature

I agree to pay above total according to my card issuer agreement.

\*\*\* Customer Copy \*\*\*

OUTBACK STEAK HOUSE  
 141 LAKESHORE RD E  
 OAKVILLE ON

CARD: 4000 1234 5678 9010  
 EXPIRY: 0208  
 CARD TYPE: 0134  
 DATE: 01/03  
 TIME: 10:41  
 RECEIPT: 000007  
 SERIAL: 000007

PRE AUTH PURCHASE

38.00

284.00

DATE: 01/00/07  
 TIME: 10:00  
 AMOUNT: 28.00  
 TIP: 0.00  
 TOTAL: 28.00

CARDHOLDER WILL PAY  
 CARD ISSUER AFTER APPROVAL  
 PURSUANT TO CARDHOLDER  
 AGREEMENT.

JARRITT

①

ENGLISH BAY FISH & CHIPS  
 511 MAPLE GROVE DRIVE OAKVILLE

ID: B4095754  
 SLIP #: 7772  
 STORE: 4095754

PRE-AUTH \$32.17

POURBOIRE/TIP \$

TOTAL \$

Visa \*S  
 \*\*\*\*\*1425

APPROVED AUTH 000267  
 CEN 240001001000 TCR 0001

THAI CHEF RESTAURANT  
 300 LAKESHORE RD E  
 OAKVILLE ON  
 905 844 8872

PRE AUTH PURCHASE  
 11-06-2006 10:20:01  
 ACCT # 0000000000000000 S  
 Exp Date 12/06 Type VI  
 CARD CHARGE 1425

Inv # 000007  
 AUTH # 000007

P. Auth P. 12.00  
 Tip 12.00  
 Total 92.89

Customer Copy



\*\*\*\*\*  
/50/07 TIME 12:36  
24085300 2216

EAST SIDE MARIOS  
2035 WINSTON PARK DRIVE  
OAKVILLE, ONTARIO  
L6H 6P5  
905-829-3233

se Sign & Return Merchant Copy \*\*  
GST #868799651

A 4500620000311425 S 02/08  
1974 TABLE 56 CHECK 1778

E DINING MICHELLE  
AMOUNT 50.16  
DALTON TAX 4.01  
HARPER TAX 3.01  
34.22  
2.74  
2.05

SUBTOTAL \$ 39.01

TIP \$ 6.00

TOTAL \$ 45.01

CUSTOMER COPY

\*\*\*\*\*

\*\*\*\*\*  
DATE 01/09/07 TIME 12:44  
MID 45024783866 47  
83866

JACK ASTOR'S - 403&DUNDAS  
3047 VEGA BLVD.  
MISSISSAUGA  
ONTARIO, L5L 5Y3  
905 820-4511

VISA \*\*\*\*\*11425 S 02/08  
AUTH 057596 TABLE 52 CHECK 2327

PURCHASE DINING ROOM JEN MRTEN

AMOUNT 50.16  
DALTON TAX 4.01  
HARPER TAX 3.01

SUBTOTAL \$ 57.18

TIP \$ 9.00

TOTAL \$ 66.18

CUSTOMER COPY

\*\*\*\*\*

\*\*\*\*\*  
DATE 01/12/07 TIME 13:37  
MID 0N1050CALLAHAN

CALLAHAN'S BEACH HOUSE  
2 WALKER STREET  
PORT DOVER, ONTARIO  
N0A 1N0  
519-583-0880  
GST REGISTRATION #R100734367

VISA 4500620000311425 S 02/08  
AUTH 050846 TABLE 21 CHECK 1273

PURCHASE DINING ROOM ASHLEY S

AMOUNT 36.18  
P.S.T. 3.06  
G.S.T. 2.17

SUBTOTAL \$ 41.41

TIP \$ 6.00

TOTAL \$ 47.41

CUSTOMER COPY

\*\*\*\*\*

\*\*\*\*\*  
DATE 01/10/07 TIME 12:21  
MID 40074562864 4562864

LAM WIENTE/SON OF VINE  
107 WAY STREET  
TORONTO, ONTARIO  
M5L 1G5

(416) 214-9222 OR (416) 348-1444  
S.S.T. : F000073069032 SCHL0009400794  
\* PLEASE RETURN SIGNED MERCHANT COPY \*

VISA \*\*\*\*\*11425 S 02/08  
AUTH 093621 TABLE 30PS CHECK 3207

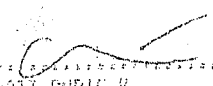
PURCHASE SUM PAR ON BAR SP

AMOUNT 33.95  
P.S.T. 2.72  
G.S.T. 2.04

SUBTOTAL \$ 38.71

TIP \$ 5.00

TOTAL \$ 43.71

SIGNATURE X.   
MORATTI, CHRIS K

1. AMOUNT TO PAY TOTAL AMOUNT  
ACCORDING TO CARD ISSUER DOCUMENT

TOP COPY MERCHANT/BOTTOM COPY CUSTOMER  
\*\*\*\*\*



\*\*\*\*\*  
/07 TIME 12:35  
83866 47

K ASTOR'S - 403&DUNDAS  
3047 VEGA BLVD.  
MISSISSAUGA  
ONTARIO, L5L 5Y3  
905 820-4511

\*\*\*\*\*11425 S 02/08  
38 TABLE 55 CHECK 5271  
DINING ROOM Z-MIKE

X 26.91  
X 2.15  
X 1.61

TOTAL \$ 30.67

TIP \$.....

TOTAL \$.....  
=====

CUSTOMER COPY

\*\*\*\*\*

PIZZA HUT  
558 ONTARIO ST S MILTON

ID: 8087364  
SLIP #: 8728  
STORE: 0087364

PRE AUTH \$38.17

POURBOIRE/TIP \$ 5.00

TOTAL \$ 43.17

SIGNATURE X

Visa 45  
\*\*\*\*\*1425

APPROVED AUTH 837883

SEP 25 2007 10:01:05 ISO -001  
Jan 20 2007 7:30 PM

MERCHANT COPY

\*\*\*\*\*  
DATE 01/26/07 TIME 12:57  
MID 45025320171 53  
20171

TONY ROMA'S MISSISSAUGA  
2575 Dundas St.  
Mississauga, Ontario  
905-569-9733  
G.S.T.# R868457144

VISA 4500620000311425 S 02/08  
AUTH 032966 TABLE 55 CHECK 5017

PURCHASE DINING ROOM ASHLEY

AMOUNT 63.02  
PST 5.04  
GST 3.79

SUBTOTAL \$ 71.85

TIP \$..... (0.00)

TOTAL \$..... 81.85  
=====

CUSTOMER COPY

\*\*\*\*\*

\*\*\*\*\*  
1001928  
1

Pre Auth

Exp: 02/08

\*\*\*\*\*5411

Mod: Swiped

000001 Seq #: 0020010001005  
000009

\$ 135.59

001 001000  
Approval Code: 013137

RECEIVED

21:26:15

LUCY'S SEAFOOD KITCHEN  
DUNDAS  
3145 DUNDAS ST W  
MISSISSAUGA ON

CARD \*\*\*\*\*5411  
CARD TYPE VISA  
DATE 2007/01/29  
TIME 5135 12:59:04  
CLERK ID 6  
RECEIPT NUMBER  
506619433-001-270-007-0

PURCHASE  
AMOUNT \$74.29  
TIP \$10.00  
TOTAL-CAD

\$84.29

APPROVED

AUTH# 071124 01-027  
THANK YOU

LUCY'S SEAFOOD KITCHEN  
DUNDAS  
3145 DUNDAS ST W  
MISSISSAUGA ON

CARD \*\*\*\*\*1425  
CARD TYPE VISA  
DATE 2007/01/29  
TIME 2302 12:42:57  
CLERK ID 25  
RECEIPT NUMBER  
506619433-001-238-003-0

PURCHASE  
AMOUNT \$42.86  
TIP \$6.00  
TOTAL-CAD

\$48.86

APPROVED

AUTH# 077549 01-027  
THANK YOU

ST LOUIS BAR AND GRILL  
2508 HAMPSHIRE GAT L6H6A2  
OAKVILLE ON  
20108613

PRE AUTH PURCHASE

03-01-2007 13:02:05  
Acct # \*\*\*\*\*5411 S  
Exp Date 02/08 Card Type VI  
Name

Trace # 040008 Operator 002  
FS2010861302

Inv. # 70  
Auth # 072046 RRN 001004006

P.Auth Purchase \$37.05

Tip

Total

Customer copy



BUY 930  
Possibilities, Get Yours

1 Winston Park Drive  
905-829-2034

908 JIBE 12 07/01/05 13:20

SALES

OPTION	AMOUNT
--------	--------

50PK DVD-R	49.99
1445-JIBE	49.99

is for free @ BestBuy.ca!

<Customer Copy>>>>>

Item Total	49.99
G/S Tax	3.50
Prov Tax	4.00
INVOICE	57.49

RECORD PURCHASE  
19 XXXXXXXXXXXX1425 S  
0208 022289

664736

SALES QTY: 1



\*\*\*\*\*

Check 243391  
Order 416425

253 TAYLOR ROAD  
NIAGARA ON THE LAKE ONTARIO, LOS 1JO  
Tel. 905-688-2550

04/20/07 10:40 PM

Table 9 Cust 4

Waiter 14 LINDSAY F

\*\*\*\*\*

\*\*\* BB AND G \*\*\*

2 LG TAPS	8.40
2 LG KEITHS	9.32

Sub-total: 17.72

GST: 1.07

LIQ PST: 1.78

Total Due: 20.57

Gratuity: 5.00

Grand Total: 25.57

Room #: C2

Approval: \_\_\_\_\_

\*THIS IS NOT A CREDIT CARD RECEIPT\*  
PRINT  
NAME \_\_\_\_\_

Ask about our 'WINE PAIRING FRIDAYS'  
905 688 2032 ext 5248 for details

11 FORNELLO  
202 NORTH SERVICE ROAD  
NAKVILLE, ON L6M3R2  
905-330-5233  
VISA MID 1655920019  
MERCARD MID 2655920019

Merchant ID: 030000019201

Term ID: 002

Server ID: 75

Ref #: 054

GST #:

Sale

XXXXXXXXXXXX1425

VISA

Entry Method: Swiped

02/22/07

19:00:13

Inv #: 000030

Appr Code: 011104

Apprvd: Online

Batch#: 000076

Amount:

\$ 48.01

Tip:

Total:

Customer Copy

THE BOOK SHELF CAFE  
41 QUEBEC ST  
GUELPH ON

CARD NUMBER	XXXXXXXXXXXX1425
CARD TYPE	VISA 4041
DATE/TIME	2007/02/10 14:06:03
RECEIPT NUMBER	S78002578-001-416-020
PRE-AUTHORIZATION	AMOUNT \$41.22

TIP

TOTAL AMOUNT

01 APPROVED - 027  
THANK YOU

AUTH. # 080850

CARDHOLDER COPY



SWISS CHOLET  
80 1001 UPPERVILLE RD  
OAKVILLE, ON L6H 1Z2  
905 844-8751  
VISA MID 17105 10012  
MASTERCARD MID 271686-0002



3051 Vega Blvd, Mississauga  
L5L 5Y3, Canada  
905-828-9119

GST#: 853781136RT0001

Date: Mar08'07 12:56PM  
Card Type: Visa  
Acct #: XXXXXXXXXXXX5411  
Exp Date: 02-08  
Auth Code: 026698  
Check: 624  
Table: 34/1  
Server: 115 JENN C  
CHRIS K JARRATT

Subtotal: 80.00  
Tip: 10.00  
Total: 90.00

Signature

I agree to pay above total  
according to my card issuer  
agreement.

\*\*\*\*\* Customer Copy \*\*\*\*\*

BEST BUY 930  
Thousands of Possibilities, Get Yours.

OAKVILLE  
905-829-2034

CONTRACT ID:

930-060913-040042 03JC 11 13/03/08 17:37

SALES

QTY	DESCRIPTION	AMOUNT
1	MAXTOR 250GB IDE HD	99.99
	855/10073149-U3JC @	99.99
SERIAL #	L04R250-R6L6	
1	DYNEX USB2.0 3.5"HDD	49.99
	458/10064899-U3JC @	49.99
SERIAL #	600603104589	

Enter to Win Your \$10,000 Dream Digital  
Dorm For Back to School @ BestBuy.ca

<<<<<Customer Copy>>>>>

Thank you	Item Total	149.98
for shopping at	G/S Tax	9.00
BEST BUY	Prov Tax	12.00
	INVOICE	170.98

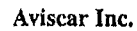
TRANSACTION RECORD PURCHASE  
VISA 170.98 XXXXXXXXXXXX1425 S  
swiped 0208 096327

GST Reg.# R135664738

TURN ON YOUR CAREER - WE HAVE FAST-PACED  
OPPORTUNITIES IN A FUN ENVIRONMENT!  
LOG ON AT BESTBUYCANADA.CA TODAY!

SALES Q





THEODORE W. CLARK  
220 MIDLAND AVE. S.W.  
DALLAS, TEXAS 75201

**NAME:** \_\_\_\_\_ **DATE:** \_\_\_\_\_  
**PERIOD:** \_\_\_\_\_ **SCHOOL:** \_\_\_\_\_

1201	DESCRIPTION
1 3 9 0 4 2	WHY SHE WORKS
PLANS	1211
EC 660000	EN
1m Day	EN 121
21000	1200

10-00001	UNSUBS
10-00002/0001	UNSUBS
RETURN:	
10-00002/0002	UNSUBS
SEE P. 2	
10-00002/0003	UNSUBS

[illegible]

**Method of Payment:**

499 *Journal of Interpersonal Violence 27(3)*

Prct. Abs.: 33.95/94

Damage Responsibility: 500.00

27.95 Accelerator

PAI 4.00 Accepted

2.00 Acres.

No. Social Service Tax 1.50/02

6. Annual charge is 1 cent (24 cts) per

oil change. Fuel service additional.

247X

199.9

93.1% + 2.4%

7.24% FEB 22, 2015

1. The first step is to identify the problem. This involves understanding the current situation and what needs to be changed.

$\frac{1}{2} \left( \frac{1}{2} \right) = \frac{1}{4}$

3.00

1991

CONCLUSIONS

P. C.	$\gamma_{\text{H}_2\text{O}}(S)$	$\gamma_{\text{H}_2\text{O}}(L)$
1	0.9999	0.9999
2	0.9999	0.9999
3	0.9999	0.9999
4	0.9999	0.9999
5	0.9999	0.9999
6	0.9999	0.9999
7	0.9999	0.9999
8	0.9999	0.9999
9	0.9999	0.9999
10	0.9999	0.9999
11	0.9999	0.9999
12	0.9999	0.9999
13	0.9999	0.9999
14	0.9999	0.9999
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16	0.9999	0.9999
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18	0.9999	0.9999
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88	0.9999	0.9999
89	0.9999	0.9999
90	0.9999	0.9999
91	0.9999	0.9999
92	0.9999	0.9999
93	0.9999	0.9999
94	0.9999	0.9999
95	0.9999	0.9999
96	0.9999	0.9999
97	0.9999	0.9999
98	0.9999	0.9999
99	0.9999	0.9999
100	0.9999	0.9999

51	7.39%	6.37
----	-------	------

Q3: 6.65 %      36.33

<sup>a</sup> Values are means ± SD.

Amk. Inc.	CU	CAN	330.00
-----------	----	-----	--------

48 PREMIUM LOCATION SURCHARGE

$$\frac{d}{dt} \left( \frac{\partial L}{\partial \dot{x}} \right) = \frac{\partial L}{\partial x}$$

Notices

\*Gas Service Option - Unused Fuel Not Refundable

the 50¢ fuel cost refund.

4. The amount that appears in "Amount Due" has been billed to your Visa Card.

ALL charges are subject to audit and change if any errors are found.

For local inquiries call 804-406-2247.

**Vehicle License Fee and Air Conditioning Excise Tax Recovery at \$1.24 per Day.**

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823. 824. 825. 826. 827. 828. 829. 830. 831. 832. 833. 834. 835. 836. 837. 838. 839. 840. 84

Return Rd Doc. # 941625446

N460.1295/04519/09:53/



THE *Fairmont*  
HOTEL VANCOUVER

900 WEST GEORGIA STREET  
VANCOUVER, BC V6C 2W6  
T 604 684 3131 F 604 662 1929  
G.S.T. Registration # 86707 3611 RT0002

Room : 0927  
Folio # :  
Cashier # : 186  
Page # : 1 of 1

Radius  
Christopher Jarratt  
Radius

Arrival : 11-13-06  
Departure : 11-15-06

CA

| Date               | Description        | Additional Information | Charges       | Credits     |
|--------------------|--------------------|------------------------|---------------|-------------|
| 11-13-06           | Room Charge        |                        | 299.00        |             |
| 11-13-06           | Room Tax           |                        | 29.90         |             |
| 11-13-06           | Room GST           |                        | 17.94         |             |
| 11-13-06           | Parking            |                        | 29.00         |             |
| 11-14-06           | Refreshment Centre | #927                   | 19.72         |             |
| 11-14-06           | 900 West Bar       | #0927 : CHECK #8189    | 67.00         |             |
| 11-14-06           | Room Charge        |                        | 299.00        |             |
| 11-14-06           | Room Tax           |                        | 29.90         |             |
| 11-14-06           | Room GST           |                        | 17.94         |             |
| 11-14-06           | Parking            |                        | 29.00         |             |
| <b>Total</b>       |                    |                        | <b>838.40</b> | <b>0.00</b> |
| <b>Balance Due</b> |                    |                        | <b>838.40</b> |             |

**GST Summary**

|              |              |
|--------------|--------------|
| Room         | 35.88        |
| F&B          | 3.00         |
| Other        | 0.00         |
| <b>Total</b> | <b>38.88</b> |

Guest signature

Signature du client X \_\_\_\_\_

For information or reservations, visit us at  
[www.fairmont.com](http://www.fairmont.com) or call Fairmont Hotels & Resorts from:  
United States or Canada 1 800 441 1414  
Pour information et réservations visitez notre web au  
[www.fairmont.com](http://www.fairmont.com) ou téléphoner au Hôtels Fairmont de:  
États-Unis ou Canada 1 800 441 1414

I agree that my liability for this bill is not waived and I agree to be held personally liable in the event that the indicated person, company or association fails to pay for any part of or the full amount of these charges. Overdue balance subject to a surcharge at the rate of 1.5% per month after one month. (18.00% per annum.)  
I have accepted delivery of The Globe and Mail. Had I refused, I would have been eligible for a \$5.00 (Mon-Fri) and \$1.25 (Sat.) credit to my account. (At participating hotels.)

Je me porte personnellement responsable du règlement total de cette note au cas où la compagnie, l'association ou son représentant désigné en refuserait le paiement. Les comptes en souffrance sont sujets à un intérêt de 1.5% par mois après un mois. (18.00% par année)  
J'ai accepté la livraison du journal The Globe and Mail. Si j'avais refusé, j'aurais pu obtenir un crédit à mon compte de 0,50\$ par jour (du Lundi au Vendredi) et de 1,25\$ le Samedi. (Dans les hôtels participants.)

**Thank you for choosing to stay with Fairmont Hotels & Resorts**  
**Merci d'avoir choisi les Hôtels Fairmont**





**THE WIGWAM  
GOLF RESORT & SPA**

*Authentic Arizona™*

Christopher Jarratt  
Algonquin Power

422  
189.00  
1  
98215 EX-A  
1  
22-JAN-07 18:53  
24-JAN-07  
VI

McTavish Travel  
1515 Rebecca Street  
Oakville, ON L6L 1Z8

|               |       |             |         |
|---------------|-------|-------------|---------|
| 22-JAN-07     | RT422 | Room Charge | 189.00  |
| 22-JAN-07     | RT422 | Room Tax    | 19.41   |
| 23-JAN-07     | RT422 | Room Charge | 189.00  |
| 23-JAN-07     | RT422 | Room Tax    | 19.41   |
| 24-JAN-07     | VI    | Visa        | 416.82- |
| Total Charges |       |             | 416.82  |
| Total Credits |       |             | 416.82- |
| Balance Due   |       |             | 0.00    |

For your convenience, we have prepared this zero-balance folio indicating a \$0 balance on your account. Please be advised that any charges not reflected on this folio will be charged to the credit card on file with the hotel. While this folio reflects a \$0 balance, your credit card may not be charged until after your departure. You are ultimately responsible for paying all of your folio charges in full.

**EXPENSE REPORT SUMMARY**

| Date      | Room & tax | F & B | Telephone | Other | Total  | Payment |
|-----------|------------|-------|-----------|-------|--------|---------|
| 22-JAN-07 | 208.41     | 0.00  | 0.00      | 0.00  | 208.41 | 0.00    |
| 23-JAN-07 | 208.41     | 0.00  | 0.00      | 0.00  | 208.41 | 0.00    |
| Total     | 416.82     | 0.00  | 0.00      | 0.00  | 416.82 | 0.00    |

Thank you for choosing Starwood Hotels. We look forward to welcoming you back soon!

As a Starwood Preferred Guest, you could have earned 756 Starpoints for this visit. Please provide your member number or enroll today.

Christopher Jarratt

FOLIO 98215 22-JAN-07



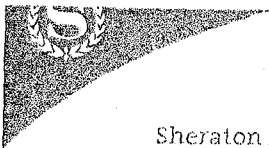
**THE LUXURY COLLECTION®**

Starwood Hotels & Resorts

300 Wigwam Boulevard, Litchfield Park, AZ 85340 (Phoenix) Tel: (623) 935-3811 Fax: (623) 935-3737

[www.wigwamresort.com](http://www.wigwamresort.com)





Sheraton Frankfurt  
Hotel & Towers, Conference Center  
Flughafen, Terminal 1 | Hugo-Eckener-Ring 15  
60549 Frankfurt am Main, Germany

Mr. Christopher Jarratt

CA

**INVOICE**

Folio No. : 413786

Date : 19.09.07  
Room No. : 7213  
Arrival : 17.09.07  
Departure : 19.09.07  
Page : 1 of 2  
Cashier No. : 141  
Time : 14:00

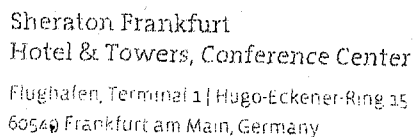
| Posting Date | Description   | Debit<br>EUR  | Credit<br>EUR |
|--------------|---|---------------|---------------|
| 17.09.07     | Internet Rooms HSIA<br>12:41 #7213 : []                                 | 18.00         |               |
| 17.09.07     | Accommodation   | 347.00        |               |
| 18.09.07     | Business Center Printouts manual  | 9.80          |               |
| 18.09.07     | Internet Rooms HSIA<br>17:24 #7213 : []                                 | 18.00         |               |
| 18.09.07     | Telephone (Interface) Charges<br>19:38 #7213 : 0041788897232 [00:02:51] | 8.40          |               |
| 18.09.07     | Accommodation   | 347.00        |               |
| 19.09.07     | Visa Card   |               | 748.20        |
| <b>Total</b> |   | <b>748.20</b> | <b>748.20</b> |

|                        |            |
|------------------------|------------|
| Open Balance           | 0.00 EUR   |
| Total taxable          | 748.20 EUR |
| VAT 19%                | 119.44 EUR |
| Total Net (19% V.A.T.) | 628.76 EUR |
| VAT 16%                | 0.00 EUR   |
| Total Net (16% V.A.T.) | 0.00 EUR   |
| Total (0% V.A.T.)      | 0.00 EUR   |

T (49)(69) 6977 0  
F (49)(69) 6977 2209  
sheraton.com/frankfurt

Unter der Gesellschaft am Flughafen Frankfurt/Main, AG, 100% Tochtergesellschaft der Sheraton Hotels & Resorts, Inc. (NYSE:SHO) ist eine Tochtergesellschaft der Starwood Hotels & Resorts Worldwide, Inc. (NYSE:SPG)





CA

Folio No. : 413786

Date : 19.09.07  
Room No. : 7213  
Arrival : 17.09.07  
Departure : 19.09.07  
Page : 2 of 2  
Cashier No. : 141  
Time : 14:00

| Posting Date     | Description | Debit                            | Credit                           |
|------------------|-------------|----------------------------------|----------------------------------|
|                  |             | EUR                              | EUR                              |
| Merchant ID:     | 68362972    | Credit Card #: XXXXXXXXXXXXX5411 | Local Amount EUR: 748.20         |
| Transaction ID:  | 768200      | Credit Card Expiry: XX/XX        | Exchange Rate: 1.46              |
| Approval Code:   | 003782      | Capture Method: Swiped           | Transaction Amount CAD: 1,094.72 |
| Approval Amount: | 748.20      |                                  |                                  |

I authorise the Sheraton Frankfurt Hotel & Towers, Conference Center to debit the above card with the above mentioned transaction amount. I accept that I have been offered a choice between currencies for payment and accept the rate of exchange used in the conversion. I acknowledge that my choice of currency is final.

The rate of exchange is supplied by the Royal Bank of Scotland Group Financial Markets and incorporates a margin of 2.5% for providing the cardholder preferred currency service.

### Tip

**Total** \_\_\_\_\_

Signature: \_\_\_\_\_

If you have questions or other concerns about your invoice, please contact us by indicating the Invoice number at [billing.frankfurt@sheraton.com](mailto:billing.frankfurt@sheraton.com)

T (49)(69) 6977 0  
F (49)(69) 6977 2209  
sheraton.com/frankfurt

[illegible]



**Chris Jarratt**

**From:** BOLDstreet Wireless [service@boldstreet.com]  
**Sent:** September 27, 2007 8:07 AM  
**To:** Chris Jarratt  
**Subject:** Your BOLDstreet Order: BSI-270907080646.138257.1

**Chris Jarratt, Thank you for your order!**

|                        |                                  |                        |                        |
|------------------------|----------------------------------|------------------------|------------------------|
| <b>Invoice Number:</b> | BSI-270907080646.138257.1        | <b>Date/Time:</b>      | 27 Sep 2007 8:06:46 AM |
| <b>Trans. Type:</b>    | Purchase                         | <b>Resp./ISO Code:</b> | 027/01                 |
| <b>Approval Code:</b>  | 092813                           | <b>Ref. Number:</b>    | 660677400017880300     |
| <b>Account:</b>        | chris.jarratt@algonquinpower.com |                        |                        |

**Hotspot:** Starbucks 155 University (155 University Avenue, Toronto, Ontario, Canada)

**ORDER SUMMARY:**

| <b>Product</b>                 | <b>Amount</b>        |
|--------------------------------|----------------------|
| Bell Network Access - One Hour | 7.50                 |
|                                | <b>PST:</b> \$0.60   |
|                                | <b>GST:</b> \$0.45   |
|                                | <b>Total: \$8.55</b> |

APPROVED \* =

If you have any questions or concerns about your order, please contact  
**Customer Service** at (877) 328-2123.

**BOLDstreet**  
WIRELESS INTERNET  
[www.boldstreet.com](http://www.boldstreet.com)

27/09/2007





Hertz System Licensee

Rental Record No.  
N° du relevé de locationDEERLAKE, NL 90105  
DEERLAKE, NLPrinted on 06-05-87 1713 GNC  
400 000 4440 03236100 P

709-635-4442

## TO BE PAID BY - À ÊTRE PAYÉ PAR

VISA 4XXXXXX/XXXX5411 02 24 04

CHRISTOPHER JARRATT

UPD #1 CLUB NO. CDP I.D. NO. CREDIT APP/DATE/AMT  
N° DE CLUB N° N° D.I.D. C.D.P. CREDIT ACCEPTÉ/DATE/MONTANTFORM OF PAY CASH ON RET. OTHER IDENTIFICATION  
MODE DE PAIEMENT ESPÈCES AU RETOUR AUTRE IDENTIFICATION  
VISADRIVER'S LICENSE NO. EXPIRES Y.O.B.  
N° DU PERMIS DE CONDUIRE ÉCHÉANCE ANNÉE DE NAISSANCE  
J00511240580704 ON 07-04-10 07-04-5HOME/BUSINESS ADDRESS HOME/BUSINESS PHONE NO.  
ADRESSE RÉG./BUR. N° DE TÉL. RÉG./BUR.

123 MORRISON RD 905-844-3700

CITY PROVINCE POSTAL CODE  
VILLE PROVINCE CODE POSTAL  
DAKVILLE ON L6J 4J3VEHICLE TO BE RETURNED TO (CITY/PROV) LOC NO.  
VEHICULE DOIT ÊTRE RETOURNÉ À (VILLE/PROVINCE) N° D'EMPL.DEERLAKE, NL 90105 0010501 06-04-07 Y.A.  
VEHICLE RENTED AT (CITY/PROV) AREA & LOCATION NO.  
VEHICULE LOUÉ À (VILLE/PROVINCE) N° DE RÉGION/EMPL.

DEERLAKE, NL 90105 0010501

## NO ADDITIONAL AUTHORIZED DRIVERS

BY SIGNING BELOW YOU AGREE, THAT IF YOU DECLINE THE OPTIONAL LOSS DAMAGE WAIVER (LDW) YOU MAY BE RESPONSIBLE FOR ANY VEHICLE LOSS OR DAMAGE REGARDLESS OF FAULT; YOU ALSO AGREE THAT A REFUELING CHARGE WILL APPLY IF YOU ELECT TO RETURN THE VEHICLE WITH LESS FUEL THAN WHEN YOU RECEIVED IT. THE VEHICLE WILL BE OPERATED ONLY BY YOURSELF AND AUTHORIZED OPERATORS. YOU REPRESENT TO HAVE READ AND UNDERSTAND THE ABOVE AND ALL THE TERMS AND CONDITIONS CONTAINED IN THE RENTAL JACKET AND THAT YOU AGREE TO THEM.

EN APPRÉHANT VOTRE SIGNATURE CI-DESSOUS, VOUS ACCEPTEZ QUE SI VOUS REFUSEZ L'EXONÉRATION FACULTATIVE EN CAS DE PERTE OU DOMMAGES (EPD), VOUS POUVEZ ÊTRE RESPONSABLE DE LA PERTE DU VÉHICULE OU DE TOUT DOMMAGE CAUSÉ À CELUI-CI SANS EGARD À LA RESPONSABILITÉ DE LADITE PERTE OU DUDIT DOMMAGE. VOUS ACCEPTEZ ÉGALEMENT QUE DES FRAIS DE RAFFRAÎCHISSEMENT EN CARBURANT S'APPLIQUERONT SI VOUS RENVIEZ LE VÉHICULE AVEC UN RÉSERVOIR MOINS REMPLI QUE LORSQUE VOUS EN AVEZ PRIS POSSESSION. LE VÉHICULE SERA CONDUIT UNIQUEMENT PAR VOUS ET LES CONDUCTEURS AUTORISÉS. VOUS ATTESTEZ AVOIR LU ET COMPRIS LES MODALITÉS ÉCRITES CI-DESSOUS AINSI QUE TOUTES CELLES IMPRIMÉES SUR LA POCHETTE DE LOCATION ET VOUS LES ACCEPTEZ.

|    |             |                        |
|----|-------------|------------------------|
| X  |             |                        |
| LE | ACCEPT<br>X | DECLINE<br>REFUSE<br>X |
| DP | ACCEPT<br>X | DECLINE<br>REFUSE<br>X |
| WD | ACCEPT<br>X | DECLINE<br>REFUSE<br>X |
| PA | ACCEPT<br>X | DECLINE<br>REFUSE<br>X |
| AI | ACCEPT<br>X | DECLINE<br>REFUSE<br>X |
| IA | ACCEPT<br>X | DECLINE<br>REFUSE<br>X |
| PA | ACCEPT<br>X | DECLINE<br>REFUSE<br>X |
| EE | ACCEPT<br>X | DECLINE<br>REFUSE<br>X |
| CP | ACCEPT<br>X | DECLINE<br>REFUSE<br>X |

YES NO  
OUI NON  
WILL THERE BE ADDITIONAL DRIVERS?  
Y AURA-T'IL DES CONDUCTEURS ADDITIONNELS?EXCHANGE VEHICLE VEHICLE D'ÉCHANGE  
VISA 4XXXXXX/XXXX5411LOCATION/STALL NO. N° D'EMPL/DE POSTE  
0010501  
TIME IN HEURE D'ARRIVÉE 06-05-87 1700  
TIME OUT HEURE DE DÉPART 06-04-87 1916VEHICLE NO. N° DU VÉHICULE  
002405 4  
RETURNED TO AREA & LOC. NO. RETOURNÉ À LA RÉGION & AU N° D'EMPL.  
0010501VEHICLE LIC. NO. N° DE LIC. DU VÉHICULE  
LMF196VEH. MAKE MARQUE DU VEH. RATE CLS CAT. DU TARIF SUB SOUS UPB RAH RATE PLAN OUT TARIF RÉGULIER AU DÉPART  
LIBERTY LIBERTY 2 4 7 SCD1OWNING CITY AREA NO. VEH-CLS VILLE PROPRI. N° DE RÉGION CAT. DU VEH  
00105 111M/IN 1 DAYS 0  
9750 41.00 41.00RM/OUT 11000 0  
9501 21.00

DRIVEN 254

ALLOWED CHARGES RM 100 154 0 200 30.00

REFUELING SERVICE CHARGE FRAIS DE SERVICE DE RAVID. EN CARBURANT  
PER KM PAR KM PER LITRE PAR LITRE  
0.1 0.40

A.O. FULL 3/8 SUBT. 1 71.00

VEHICULAR CERTIFICATE NO. REG. N° DU CERTIFICAT

LT. NO. N° L.T. PROM. NO. N° PROM. SUBT. 2 71.00

DW 24.00

JLF 1.00

00506 1.00

MCR 11.47

SUBT. 3 109.01

IST 24.00

PAI 5.95

UEL 60.00

TOTAL 202.95

VEHICLE CONDITION CONDITION DU VÉHICULE  
OUT / DÉPART IN / ARRIVÉERATE CONDITIONS - CONDITIONS DU TARIF  
• MINIMUM RENTAL CHARGE ONE RENTAL DAY (24 HOURS) - FRAIS DE LOCATION MINIMUMS UNE JOURNÉE DE LOCATION (24 HEURES)

THE MINIMUM RENTAL LA LOCATION MINIMUM PERIOD IS PÉRIODE DE DAYS JOURS

VEHICLE MUST BE RETURNED TO THE RENTING LOCATION VÉHICULE DOIT ÊTRE RETOURNÉ À L'EMPLACEMENT DE LOCATION

YOU AGREE TO UPGRADE AT ADDITIONAL CHARGE VOUS ACCEPTEZ DE PAYER LE TARIF D'UNE CLASSE SUPÉRIEURE

GST REGISTRANT NUMBER NUMÉRO D'ENREGISTREMENT

RÉSERVATION - "RÉSERVATION"  
ROBERTSON/IAN  
06-04 1900 469924RESERVATION ID NO. N° D.I.D. DE LA RÉSERVATION  
0REFERRAL SOURCE SOURCE DE RÉFÉRENCE RES CLASS CATÉGORIE RÉG.  
CPREPARED BY PRÉPARÉ PAR DEPOSIT \$ DÉPÔT \$  
GNC NONECOMPUTED BY CALCULÉ PAR RATE PLAN IN - TARIF RÉGULIER À L'ARRIVÉE  
GNC SCD1DEPOSIT REFUND REMBOURSEMENT DE DÉPÔT RECEIVED BY REÇU PAR  
\$ XRental Record  
N° du relevé  
de location

03236100 P

Please direct all correspondence to - S.V.P. faire parvenir toute correspondance à  
the above address: l'adresse ci-dessusTOUS LES FRAIS SONT SUJETS À ÊTRE  
ACCEPTÉS PAR LE SIÈGE SOCIAL.

CHARGES SUBJECT TO FINAL AUDIT.



CREDIT CARD CHARGE NOTICE  
RENT-A-CAR DIVISION



THE HERTZ CORPORATION  
P.O. Box 24130, Oklahoma City, Oklahoma 73124-0130  
Telephone: 405 775-3055

NOTICE DATE: 09/01/07

CHRISTOPHER JARRATT  
123 MORRISON RD  
OAKVILLE ON, CANADA L6J4J3

-----  
DESCRIPTION OF CHARGE  
-----

BILL ID: 012242016

BILL AMOUNT: 5.29  
ADMIN FEE: 8.50  
GST TAX: 0.50  
-----

INVOICE NUMBER: ETR071107085200

PLATE NUMBER: BBDM120

ENTRY-DATE: 07/11/07

ENTRY TIME: 08:52

TOLL ROAD: 407 EXPRESS TOLL ROUTE - TORONTO

RENTAL AGREEMENT: H96169986

DATE AND TIME RENTED:

07/06/07 16:13

DATE AND TIME RETURNED:

07/13/07 16:41

AMOUNT CHARGED: \$ 14.29

VSA

\*\*\*\*\*5411

**THIS IS NOT  
AN INVOICE**

THE HERTZ CORPORATION HAS BEEN BILLED FOR TOLL CHARGES ON THE 407 EXPRESS TOLL ROUTE (ETR). OUR RECORDS INDICATE AT THE TIME THE TOLL CHARGES WERE INCURRED, YOU WERE THE RENTER RESPONSIBLE FOR THE HERTZ VEHICLE.

AS STATED ON THE INFORMATION AT THE HERTZ RENTAL COUNTER AND IN THE HERTZ VEHICLE, THE 407 ETR IS NORTH AMERICA'S FIRST ALL-ELECTRONIC TOLL HIGHWAY SYSTEM WHICH IDENTIFIES VEHICLES BY LICENSE PLATE IMAGING AND TRANSPONDER. WHEN YOU USE THE 407 ETR YOU ARE CHARGED AN ADMINISTRATIVE FEE PER RENTAL PLUS THE ACCUMULATED COST OF APPLICABLE TOLL CHARGES. THESE CHARGES WILL BE BASED ON THE DISTANCE TRAVELLED, THE TIME OF DAY, THE DAY OF THE WEEK AND WILL INCLUDE G.S.T.

WE ARE REQUIRED TO MAKE PAYMENT UPON NOTIFICATION OF THE TOLL CHARGES. THEREFORE, WE HAVE REMITTED PAYMENT TO THE 407 ETR AND HAVE BILLED THE CREDIT CARD PRESENTED AT THE TIME OF RENTAL.

IF YOU HAVE ANY QUESTIONS, CONTACT THE HERTZ PARKING AND TRAFFIC CITATIONS DEPARTMENT AT (405) 775-3055, OR BY EMAIL AT PARKING@HERTZ.COM, OR BY FAX AT (405) 979-3016.

"Hertz rents Fords and other fine cars"



STAPLES Business Depot  
Store # 78  
2460 Winston Churchill Boulevard  
Oakville, ON L6H0J5  
905-829-1960

Sale 00093 3 003 62354  
0078 10/29/07 02:57

|   |                    |         |
|---|--------------------|---------|
| 1 | PORTABLE FILE      |         |
|   | 078973111566       | 6.398   |
| 1 | SPK:LOG V10 NOTEBO |         |
|   | 097855035301       | 59.958  |
|   | Subtotal           | 66.34   |
|   | PST 8.00%          | 5.31    |
|   | GST 8.00%          | 3.98    |
|   | Total              | \$75.63 |

Visa 75.63  
\*\*\*\*\*5411  
Visa Swiped Purchase  
Authorization Number 065815  
0010013560 62354 66067513  
93 10/29/07 14:56:10  
01/027 APPROVED - THANK YOU

\*\*\*\*\*

Thank you for shopping at  
STAPLES Business Depot!  
We will not be undersold!

\*\*\*\*\*

FOR CUSTOMER SERVICE CALL 1-866-STAPLES  
OR EMAIL TO [customer\\_service@staples.ca](mailto:customer_service@staples.ca)

INTERESTED IN EXPLORING A CAREER WITH US?  
VISIT [WWW.GREATCAREERSATSTAPLES.CA](http://WWW.GREATCAREERSATSTAPLES.CA)

GST No. 126152586

00781029076235403



## Other Professional Fees Expenses



# MERCER

Health & Benefits

## Invoice

Mercer Human Resource Consulting Limited  
BCE Place  
161 Bay Street, P.O. Box 501  
Toronto, ON M5J 2S5

Number  
Date  
Client

75167490  
25-Jun-2007  
ALGQ03

Telephone: (416) 868-2000

Vito Ciciretto  
Chief Operating Officer  
Algonquin Power Income Fund  
2845 Bristol Circle  
OAKVILLE ON

P O S T E D

-07-09 2007

O A K V I L L E

For professional services rendered as per the attached schedule.

|          |    | Fees             |
|----------|----|------------------|
| SubTotal | \$ | 15,000.00        |
| GST      |    | 900.00           |
| Total    | \$ | <u>15,900.00</u> |

GST 871117966R

Please retain this copy for your records  
Please wire funds to:  
Account No. 0007162  
Bank of Montreal  
S.W.I.F.T. BIC Code: BOFMCAM2  
International Banking, Head Office  
Montreal

Please remit payment to:  
P.O. Box 57483 Station A  
Toronto, ON M5W 5M5

RECEIVED

JUL 06 2007

Invoices are due upon receipt.  
Overdue invoices are subject to 1.0% per month service charges (equivalent to 12% per annum).

|                |                               |
|----------------|-------------------------------|
| RECEIVED       | VENDOR ID<br>* NEW            |
| COMPANY<br>APT | G/L CODE                      |
| APPROVED       | JOB #<br>1KC.9EK.CPS          |
| PAID           | COST CODE<br>3.7370.Cccc.cccc |

*[Handwritten signature]*  
04 July 07



**DAN TOBIAS & ASSOCIATES, INC.**  
TAX, VALUATION, & FINANCIAL CONSULTANTS

2207 GARNET AVE., SUITE I  
SAN DIEGO, CALIFORNIA 92109  
858.490.1292  
858.490.1295 FAX

March 7, 2008

Algonquin Power America-HYDROS  
Mr. Andy Ling  
2845 Bristol Circle  
Oakville, Ontario Canada L6H 7H7

RE: February 2008 Billing Invoices

Dear Mr. Andy Ling:

Please find enclosed our invoices for the month of February in the amount of \$10220.77 for services performed.

Please remit your payment to the following address:

Dan Tobias & Associates, Inc.  
2207 Garnet Ave., Suite I  
San Diego, CA 92109

If you should have any questions please feel free to call us at 858.490.1292.

Sincerely,  
Dan Tobias  
Dan Tobias & Associates, Inc.

**P O S T E D**

**-03-27-2008**

**O A K V I L L E**

|                |                               |
|----------------|-------------------------------|
| RECEIVED       | VENDOR ID<br>1100DANTOB       |
| COMPANY<br>APT | G/L CODE                      |
| APPROVED       | JOB #<br>1100-9820-OPS        |
| PAID           | COST CODE<br>3-7340-0000-0000 |

OK. *[Signature]*  
APT - over land (10000)



DAN TOBIAS & ASSOCIATES, INC  
TIMESHEETS

DAN TOBIAS  
FEBRUARY 2008

FEB  
DATE

CLIENT

DESCRIPTION

BILLED  
HOURS

HOURLY  
RATE

EXPENSES

TOTAL  
HOURLY  
FEES

FIXED FEES  
MISC FEES

TOTAL  
FEES

Algonquin Power America, HYDROS  
State and Local, Finance Matters

- 1 Rev hydro FMV's; Rev modeling assumptions; TIC w/ co appraisers; Rev NYS enrollments
- 4 Rev NYS issues; Rev NYS appraisals; Rev valuation approaches w/ NYS appraiser; TIC w/ state re: AAB
- 5 Rev NYS INC analyses; TIC w/ NYS appraiser & Div Chief re: NOI issues and capitalization
- 6 Rev FMV appraisals; TIC w/ state appraiser; Prep AAB
- 7 Rev appraisals & direct capitalization assumptions & approach with NYS
- 8 Rev appraisals & direct capitalization assumptions & approach with NYS
- 11 Rev FMV and appraisal methodology; TIC w/ NYS re: appeals & enrollments
- 12 Rev case/FMV w/ NYS; Rev statutes/appraisal
- 13 Rev CY FMV w/ NYS; Rev corp overhead allocation
- 14 Rev CY corporate allocation issues on NOI capitalization; TIC w/ NYS re: same, Amend financials & Direct CAF
- 18 Rev assessments; Rev filing issues
- 19 Rev assessments; Rev filing issues
- 20 Meeting to review assessments; Rev Corporate Overhead Allocations to all projects-NOI capitalization
- 21 Meeting to review assessments; Rev Corp Overhd Allocations to all projects-NOI capitalization; statutes
- 27 Rev hydro assessments; TIC w/ NYS re: enrollment issues & DCF & allocations of corp overhead
- 30 Telephone, Faxes, Copies, Transportation, Federal Express

TOTALS

10,220.77



JSG Group

178 Main Street, Suite 400  
Unionville, ON  
L3R 2G9

# Invoice

| Date      | Invoice # |
|-----------|-----------|
| 6/19/2008 | 200-209   |

Bill To

Algonquin Power  
2845 Bristol Circle  
Oakville, ON L6H 7H7  
ATTN: Mr. Gerald Tremblay, Controller

Sanet,

Please post ASAP

so this can be

lilled down to

AWS

th - k

Gerald

JSGGRO

17

AT

00-9820-AWS

3-7370-0000-0000

Amount

8,000.00T

1,000.00

775.00T

518.75

POSTED

Total

OAKVILLE  
\$10,293.75



Mr. C. Andrew Ingram  
Treasurer  
Algonquin Power Income Fund  
2854 Bristol Circle  
Oakville, Ontario  
L6H 7L7

PricewaterhouseCoopers LLP  
Chartered Accountants  
PO Box 82  
Royal Trust Tower, Suite 3000  
Toronto Dominion Centre  
Toronto, Ontario  
Canada M5K 1G8  
Telephone +1 416 863 1133  
Facsimile +1 416 365 8215

Contact Alexander Shipilov  
Direct Tel. +1 416 365 8834  
Direct Fax +1 416 814 3215

### REMITTANCE COPY

Date July 18, 2007  
Payment requested by August 17, 2007  
Account No. 20-08-19004-01-001  
Invoice No. 20-0008-24960

GST REGISTRATION # 87057 6089 RT0001

Interim Billing for professional services rendered for the period June 30, 2007 to July 18, 2007 inclusive.

|                              |          |                          |
|------------------------------|----------|--------------------------|
|                              | RECEIVED | VENDOR ID                |
|                              |          | * NEW                    |
| FEES                         | COMPANY  | G/L CODE                 |
|                              | APZIF    | 1000.1.0000.75.7370.0000 |
| TOTAL FEES AND DISBURSEMENTS | APPROVED | JOB #                    |
| GST                          | PAID     | GST CODE                 |
| TOTAL DUE                    |          |                          |

CAS

7,650.00

7,650.00

459.00

8,109.00

DE NET  
SETTABLE  
GST

JUL 30 2007

Remit Only Bank Wire Transfers (EFT) To:  
HSBC, 70 York Street, Toronto, Ontario, Canada M5J 1S9  
Account Name: PricewaterhouseCoopers LLP  
Transit No.: 10002016 Swift Code: HKBCCATT  
CAD Account: 064871-001 USD Account: 064871-070  
Invoice number must be included.

Please return one copy with your payment.

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

APIF  
Q2 Audit  
Professional  
fee

CD

OK to pay



AccuSource Inc.  
Accounting Services and Placements  
2194 Meadowland Dr.  
Oakville, Ont.  
L6H 6H2

04-Apr-08

Invoice # 3606

Phone: 905-845-9247  
Fax: 905-845-7284  
Email: [mtaylor24@codeco.ca](mailto:mtaylor24@codeco.ca)

CLIENT: Algonquin Power Trust  
2845 Bristol Circle  
Oakville, ON  
L6H 7H7

Attention: Luisa Paniconi


DESCRIPTION: Services Provided by Dianna Taylor for preparation relating to the certification of the effectiveness of ICFR.

| <u>DATE</u> | <u>HOURS</u>           |
|-------------|------------------------|
| 24-Mar      | 7.00                   |
| 25-Mar      | 7.00                   |
| 26-Mar      | 5.50                   |
| 27-Mar      | 7.50                   |
| 28-Mar      | 6.00                   |
| 31-Mar      | 5.50                   |
| 01-Apr      | 6.50                   |
| 02-Apr      | 7.00                   |
| 03-Apr      | 6.00                   |
| 04-Apr      | 6.00                   |
| Total Hours | 64.00                  |
| Rate        | \$ 90.00               |
|             | 5,760.00               |
| GST at 5%   | 288.00 GST # 893148585 |

\$ 6,048.00

PAYABLE UPON RECEIPT

Please make cheque payable to AccuSource Inc.

|   |                                      |
|---|--------------------------------------|
| RECEIVED<br>11/16/08  | VENDOR ID                            |
| COMPANY<br>APT  | G/L CODE<br>1100.1.9820.75.7310.0220 |
| APPROVED<br> | JOB #                                |
| PAID  | COST CODE                            |



# ANDROS

ANDROS CONSULTANTS LIMITED

Box 205 Morriston Ontario N0B 2C0 Canada  
Telephone 519 766 1178 Fax 519 766 0379

May 31, 2007

Invoice # 12999

Chris Jarratt, Partner  
Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville Ontario  
L6H 7H7

POSTED

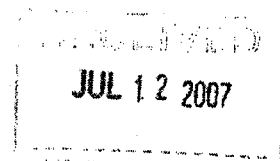
-07-12-2007

|  |                  |             |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
|--|------------------|-------------|--|-------------|----------------|----------|--|--|----------|-------|---|----------------|------|-----------|--|------------------|-----------|-------------|
| Professional Services<br>2007  |                  | \$ Amount   |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
| Meetings / Briefings (5 hours)   |                  | \$ 1,000.00 |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
| Assessments (3)  |                  | 4,500.00    |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
| Mark Byskov  |                  |             |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
| David Bonicheski   |                  |             |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
| Jim Collins  |                  |             |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
| <table border="1"><tr><td>RECEIVED</td><td>VENDOR ID</td></tr><tr><td></td><td>1100 ANDROS</td></tr><tr><td>COMPANY<br/>APT</td><td>G/L CODE</td></tr><tr><td></td><td></td></tr><tr><td>APPROVED</td><td>JOB #</td></tr><tr><td>↓</td><td>1100-9870-0000</td></tr><tr><td>PAID</td><td>COST CODE</td></tr><tr><td></td><td>3.7370-0000-0000</td></tr></table> | RECEIVED         | VENDOR ID   |  | 1100 ANDROS | COMPANY<br>APT | G/L CODE |  |  | APPROVED | JOB # | ↓ | 1100-9870-0000 | PAID | COST CODE |  | 3.7370-0000-0000 | Sub-Total | \$ 5,500.00 |
| RECEIVED   | VENDOR ID        |             |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
|  | 1100 ANDROS      |             |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
| COMPANY<br>APT   | G/L CODE         |             |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
|  |                  |             |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
| APPROVED   | JOB #            |             |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
| ↓  | 1100-9870-0000   |             |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
| PAID   | COST CODE        |             |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
|  | 3.7370-0000-0000 |             |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
|  | GST # 100211135  | 330.00      |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
|  | Total            | \$ 5,830.00 |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |
| Payment due and payable upon receipt of invoice  |                  |             |  |             |                |          |  |  |          |       |   |                |      |           |  |                  |           |             |

OK to pay

9  
APT

With thanks for the opportunity to be of service.









# ALGONQUIN POWER

## CAPITAL PROJECT EXPENDITURE APPLICATION

|   |  |  |
|---|--|--|
| DIVISION/COMPANY: Algonquin Power Trust   |  | REF NO: 2007-111   |
| PROJECT TITLE: Ceridian Performance Management (PM)   |  | PROJECT VALUE: 19,700  |
|   |  | JOB COST #:<br>(if available)  |
| <b>PROJECT DESCRIPTION:</b><br>Ceridian Professional is the first module in Ceridian's Talent Management suite of products. This Performance Management (PM) product allows us to automate goal-setting and performance appraisals such that we can align individual goals with departmental objectives and organizational strategy.          |  |  |
| <b>CATEGORY &amp; STATUS OF PROJECT</b><br>(tick as appropriate)  |  | <b>FINANCIAL SUMMARY</b>   |
| Capacity expansion <input type="checkbox"/><br>Cost Saving <input type="checkbox"/><br>New product development/launch <input type="checkbox"/><br>Customer satisfaction <input type="checkbox"/><br>Essential replacement <input checked="" type="checkbox"/><br>Health and safety <input type="checkbox"/><br>Other <input type="checkbox"/> |  | IRR% <input type="text"/> %<br>Payback period <input type="text"/> years<br>Project life <input type="text"/> years<br>Have Health & Safety implications been considered? <input type="text"/> NA<br>Has Environmental Compliance review been done? <input type="text"/> NA<br>Has Tech Services review been done? <input type="text"/> NA |
| Was this Capital Expenditure included in the Annual Budget?? <input checked="" type="checkbox"/> YES  |  | What amount was budgeted? 20,000   |

| <b>ANALYSIS OF PROJECT VALUE</b> |             | <b>CAPITAL EXPENDITURE BUDGET UTILIZATION</b>  |          |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
|----------------------------------|-------------|--|----------|--------------|--------------|--|------|-----------|------|------------------|-------------|--------------------|----------|------------------------|--|--|--|---------------|--|--|--|--------------------|--|--|--|------------------|--|--|--|-------------------------|--|--|--|-----|--|--|--|------------------|---------|----------------|--|
| Material                         |             | Capital budget<br>Less Authorized spend to date:<br>- B'fwd from previous year<br>- Current yr (excl current proposal)<br>Less Overspend<br>Balance of spend budget remaining  | Amount   | Current Year | Future Years |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
| External contractor costs        | \$19,700    |  |          |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
| Internal costs                   |             |  |          |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
| Other costs                      |             |  |          |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
| Working capital requirements     |             |  |          |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
| Project Value                    | \$19,700    |  |          |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
|                                  |             | <table border="1"> <thead> <tr> <th></th> <th>Name</th> <th>Signature</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Requesting Party</td> <td>J Valentine</td> <td><i>J Valentine</i></td> <td>Oct 5/07</td> </tr> <tr> <td>Controller / Treasurer</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Tech Services</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Regulatory / E,H&amp;S</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Division Manager</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chief Operating Officer</td> <td></td> <td></td> <td></td> </tr> <tr> <td>CFO</td> <td></td> <td></td> <td></td> </tr> <tr> <td>APM Fund Manager</td> <td>D. KERR</td> <td><i>D. Kerr</i></td> <td></td> </tr> </tbody> </table> |          |              |              |  | Name | Signature | Date | Requesting Party | J Valentine | <i>J Valentine</i> | Oct 5/07 | Controller / Treasurer |  |  |  | Tech Services |  |  |  | Regulatory / E,H&S |  |  |  | Division Manager |  |  |  | Chief Operating Officer |  |  |  | CFO |  |  |  | APM Fund Manager | D. KERR | <i>D. Kerr</i> |  |
|                                  | Name        | Signature  | Date     |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
| Requesting Party                 | J Valentine | <i>J Valentine</i>   | Oct 5/07 |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
| Controller / Treasurer           |             |  |          |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
| Tech Services                    |             |  |          |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
| Regulatory / E,H&S               |             |  |          |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
| Division Manager                 |             |  |          |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
| Chief Operating Officer          |             |  |          |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
| CFO                              |             |  |          |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |
| APM Fund Manager                 | D. KERR     | <i>D. Kerr</i>   |          |              |              |  |      |           |      |                  |             |                    |          |                        |  |  |  |               |  |  |  |                    |  |  |  |                  |  |  |  |                         |  |  |  |     |  |  |  |                  |         |                |  |





BDO Dunwoody LLP  
Chartered Accountants  
and Advisors

201 - 660 Speedvale Avenue West  
Guelph Ontario Canada N1K 1E5  
Telephone: (519) 824-5410  
Fax: (519) 824-5497  
Toll Free: (877) 236-4835  
guelph@bdo.ca  
www.bdo.ca

12/16/2007

Algonquin Power Trust  
2845 Bristol Circle  
Oakville ON L6H 7H7

Attention: Mr. Gerald Tremblay

Invoice 10120632

GST Registration No. 131585366R

PST Registration No. 42260868

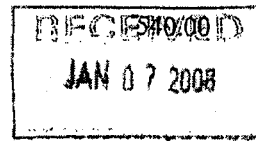
For Professional Services relating to the Dynamics GP and  
WennSoft upgrade

P O S T E D

-01-07-2008

O A K V I L L E

|  |          |
|--|----------|
| Oct-23-07 Wachtel, Jason 1.50 hour(s).<br>Log into Algonquin Power. Recreate the FRx environment on the<br>test server for users to test the sort order change process.  | \$270.00 |
| Oct-26-07 Payne, Stephen 0.50 hour(s).<br>Project Management and scheduling  | 90.00    |
| Oct-26-07 Wachtel, Jason 2.50 hour(s).<br>Log into Algonquin. Setup the new FRx environment on the new<br>GP3 server. Send Dave the new settings file and instructions on<br>how to transfer FRx clients to the new server.  | 450.00   |
| Oct-30-07 Payne, Stephen 1.00 hour(s).<br>Project management and discussions with Steve Kerr to provide<br>on-site assistance  | 180.00   |
| Oct-31-07 Kerr, Stephen 3.00 hour(s).<br>On Site Support - Fiscal Periods, FRx, Fixed Assets.  |          |
| Oct-31-07 Wachtel, Jason 7.00 hour(s).<br>Begin the sample upgrade for Algonquin Power. Prepared the<br>data for the sample upgrade. Downloaded all of the software<br>required for the upgrade. Found issues when installing 8.0 SP 5.<br>Resulted in problems with the DYNAMICS database as a result of<br>the sort order change process done. DYNAMICS database has not<br>been imported. | 1,260.00 |



Accounts are due when rendered.

Service Charge of 1.5% per month (19.5% per annum) on any balance unpaid 30 days after date of  
invoice

829-G90025-12

BDO Dunwoody LLP is a Limited Liability Partnership registered in Ontario





|           |  |          |
|-----------|--|----------|
| Nov-01-07 | Wachtel, Jason 7.00 hour(s).   |          |
|           | Continue the sample upgrade for Algonquin. Resulted in multiple errors in many databases. Had to re import multiple tables into the DYNAMICS database using DTS as the DYNAMICS database was missing data due to the sort order change. Re-apply SP 5 for GP 8.0 and Fixed Assets against all databases. Run CheckLinks and SQL maintenance on the databases.                        | 1,260.00 |
| Nov-02-07 | Payne, Stephen 2.50 hour(s).   |          |
|           | Project Meeting review with Jason to discuss strategy to resolve database upgrade issues   | 450.00   |
| Nov-01-07 | Wachtel, Jason 3.00 hour(s).   |          |
|           | Assist with resolving issues from the sort order change process. Ran a test in the Dev environment to resolve the Fixed Assets problem of missing data in the BLACK database. Was able to bring in the data successfully after multiple attempts using DTS. Logged into the environment in the evening and performed the process in the production environment to resolve the issue. | 540.00   |
| Nov-02-07 | Wachtel, Jason 4.00 hour(s).   |          |
|           | Continue the sample upgrade. Multiple errors occurred on several more databases. Discuss strategy with Steve Payne to address the errors   | 720.00   |
| Nov-05-07 | Payne, Stephen 1.00 hour(s).   |          |
|           | Project management and upgrade assistance  | 180.00   |
| Nov-19-07 | Wachtel, Jason 8.00 hour(s).   |          |
|           | Log into Algonquin. Prepare to create another new test environment for the sample upgrade on GP2. Install another instance of SQL Server. Copy all 37 databases from ALGONQUIN5 over to GP2. Restore all databases to GP2. Run required scripts to set security. Create all SQL Logins. Install GP 8 and SP5. Run routines for SP5 on all databases.                                 | 1,440.00 |
| Nov-19-07 | Payne, Stephen 2.00 hour(s).   |          |
|           | Project Management and WennSoft upgrade assistance   | 360.00   |
| Nov-20-07 | Payne, Stephen 2.00 hour(s).   |          |
|           | Project Management and conference call with Algonquin Power  | 360.00   |
| Nov-20-07 | Wachtel, Jason 8.00 hour(s).   |          |
|           | Log into Algonquin. Run further maintenance on the SQL data including Check Links and SQL maintenance. Run full backups. Install GP 10 and all additional products. Begin the upgrade to release 10.   | 1,440.00 |

Accounts are due when rendered.

Service Charge of 1.5% per month (19.5% per annum) on any balance unpaid 30 days after date of invoice





|           |   |          |
|-----------|---|----------|
| Nov-21-07 | Payne, Stephen 1.00 hour(s).  |          |
|           | Project management, status update meeting with Jason and support for upgrading WennSoft   | 180.00   |
| Nov-21-07 | Wachtel, Jason 6.00 hour(s).  |          |
|           | Continue the sample upgrade remotely. Complete the Great Plains portion of the data upgrade on all 37 databases. Perform full backups and prepare for the Wennsoft upgrade.   | 1,080.00 |
| Nov-22-07 | Payne, Stephen 2.00 hour(s).  |          |
|           | Project management and work with Jason on upgrade strategy  | 360.00   |
| Nov-23-07 | Wachtel, Jason 3.00 hour(s).  |          |
|           | Complete the Wennsoft upgrade on all databases. Perform full backups of all databases. Install MICR and Mekorma. Begin the MICR upgrade for all databases.  | 540.00   |
| Nov-25-07 | Wachtel, Jason 8.50 hour(s).  |          |
|           | Log into Algonquin Power. Complete the sample upgrade entirely. Complete the MICR and Encore upgrade on all databases. Upgrade and configure FRx to the test environment. Run the required scripts to fix the cost code upgrade problem in Wennsoft. Install all registration keys. | 1,530.00 |
| Nov-26-07 | Payne, Stephen 1.00 hour(s).  |          |
|           | Upgrade support - verify Job Cost Cost Code format is still valid after upgrade   | 180.00   |
| Nov-29-07 | Wardlaw, Renee 5.00 hour(s).  |          |
|           | On site relating to V10 Sample Company Security setup and Sample V10 Testing Training   | 900.00   |
| Dec-04-07 | Wardlaw, Renee 0.50 hour(s).  |          |
|           | Remote support with Susan relating to Sample V10 Report Issues  | 90.00    |
| Dec-04-07 | Payne, Stephen 1.00 hour(s).  |          |
|           | Project Management and upgrade review   | 180.00   |
| Dec-05-07 | Wachtel, Jason 1.50 hour(s).  |          |
|           | Log into Algonquin. Install and configure a Great Plains client on the Citrixserver2 for use for testing.   | 270.00   |
| Dec-10-07 | Wardlaw, Renee 1.50 hour(s).  |          |
|           | Remote support with Susan relating to the Sample V10 upgrade testing  | 270.00   |
| Dec-11-07 | Payne, Stephen 2.00 hour(s).  |          |
|           | Upgrade Support   | 360.00   |

Accounts are due when rendered.

Service Charge of 1.5% per month (19.5% per annum) on any balance unpaid 30 days after date of invoice





|   |                    |
|---|--------------------|
| Dec-11-07 Clayton, Bob 0.50 hour(s).  |                    |
| Remote Support for Susan: Resolving Issue with MICR (Security) and reviewing GP 8.0 modified reports security for upgrade | 90.00              |
| Dec-11-07 Wardlaw, Renee 1.00 hour(s).  |                    |
| Remote support with Susan relating to Sample V10 upgrade testing  | 180.00             |
| Dec-12-07 Payne, Stephen 2.00 hour(s).  |                    |
| Project Management and conference call to discuss upgrade status  | 360.00             |
| Project life cycle administration   | 483.30             |
| Out of pocket expenses  | 102.08             |
| Our Fee   | <u>\$16,695.38</u> |
| GST   | <u>1,001.72</u>    |
| PST   | <u>48.26</u>       |
| Total   | <u>\$17,745.36</u> |

1100-1-0000-20-4110-0000

OK to

pay

NT

OK

Accounts are due when rendered.

Service Charge of 1.5% per month (19.5% per annum) on any balance unpaid 30 days after date of invoice



# PURCHASE ORDER

No. 00 - 529  
THIS NUMBER MUST APPEAR ON  
ALL PACKING SLIPS, INVOICES  
AND CORRESPONDENCE

From: Algonquin Power  
2845 Bristol Circle  
Oakville, Ontario  
L6H 7H7

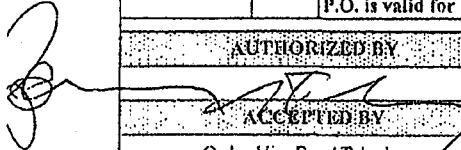
Tel: (905) 465-4500  
Fax: (905) 465-4514

To: BDO  
Attn:

Tel:  
Fax:

| F.O.B.          | Ship Via | Terms | Date of Order |
|-----------------|----------|-------|---------------|
|                 |          | N/30  | 2-Aug-07      |
| Ordered By      | GST      | PST   | Accounting    |
| Gerald Tremblay | 6%       | 8%    |               |

| ITEM #   | QTY | DESCRIPTION          | PAGE | UNIT COST    | TOTAL    |
|--|-----|----------------------|------|--------------|----------|
|  | 1   | Great Plains Upgrade |      | 40000.00     | 40000.00 |
|  | 1   | Sort order change    |      | 20000.00     | 20000.00 |
|  | 1   |                      |      |              |          |
|  |     | # 10120532           |      | 17.7K        |          |
|  |     | # 10120532           |      | 1.7K         |          |
|  |     |                      |      | <u>18.7K</u> |          |
|  |     | 1100-4820-015        |      |              |          |
|  |     | 2-7125-0000-0000     |      |              |          |
| This Purchase Order is not to exceed \$ 64,800.00<br>without the prior written approval of APC.<br>P.O. is valid for above order only. |     |                      |      |              |          |

| AUTHORIZED BY   | DATE     |
|---|----------|
|  | 2-Aug-07 |
| ACCEPTED BY   | DATE     |
| Order Via Fax / Telephone   | 2-Aug-07 |

One Copy - Vendor : One Copy - Accounting

|              |                     |
|--------------|---------------------|
| Subtotal     | \$ 60,000.00        |
| PST          | 4,800.00            |
| GST          |                     |
| <b>TOTAL</b> | <b>\$ 64,800.00</b> |





BDO Dunwoody LLP  
Chartered Accountants  
and Advisors

201 - 600 Speedvale Avenue West  
Guelph Ontario Canada N1K 1E5  
Telephone (519) 824-5410  
Fax (519) 824-5497  
Toll Free (877) 236-4835

David,  
Please  
Approve  
Shirley  
G. L. G. 6/1

01/31/2008

Algonquin Power Trust  
2845 Bristol Circle  
Oakville ON L6H 7H7

Attention: Mr. Gerald Tremblay

Invoice **10120885**  
GST Registration No. 131585366R  
PST Registration No. 42260868

For Professional Services relating to the Dynamics GP upgrade  
project and general support

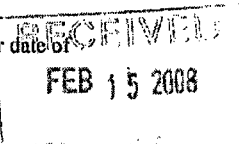
|           |   |          |
|-----------|---|----------|
| Dec-12-07 | Payne, Stephen 1.00 hour(s).<br>Project Management and Scheduling   |          |
| Dec-12-07 | Wachtel, Jason 5.50 hour(s).<br>Conference call to discuss the live upgrade. Log into Algonquin,<br>resolved the BLACK Fixed Assets error when adding a new asset.<br>Create a new instance of SQL Server, restore BLACK and<br>DYNAMICS databases and perform a test upgrade to ensure the<br>Fixed Assets data would upgrade correctly after the fix. | 990.00   |
| Dec-13-07 | Wachtel, Jason 8.50 hour(s).<br>Begin the live upgrade remotely for Algonquin. Prepare the data.<br>Installed 8.0 SP 5 on all databases. Perform maintenance in<br>preparation for the upgrade. Perform full backups and install GP<br>10. Begin upgrading the databases to GP 10.  | 1,530.00 |
| Dec-14-07 | Wachtel, Jason 8.50 hour(s).<br>Continue the live upgrade remotely for Algonquin. Complete the<br>Great Plains portion and WennSoft portion of the data upgrade.  | 1,530.00 |
| Dec-15-07 | Wachtel, Jason 8.50 hour(s).<br>Complete the Encore and MICR upgrades on all databases. Install<br>and enter all registration keys into the system. Perform full<br>backups of all data. Upgrade the modified reports dictionaries on<br>the server. Create the directory structure and shares.   | 1,530.00 |
| Dec-17-07 | Payne, Stephen 6.00 hour(s).<br>Training, project management and testing  | 1,080.00 |

P 0 2  
\$180.00-19 2008

Accounts are due when rendered.

Service Charge of 1.5% per month (19.5% per annum) on any balance unpaid 30 days after date of  
invoice

829-G90025-1



BDO Dunwoody LLP is a Limited Liability Partnership registered in Ontario





|  |          |
|--|----------|
| Dec-17-07 Clayton, Bob 3.00 hour(s).<br>Remote Support: Resolving issues with Reports that didn't upgrade  | 540.00   |
| Dec-17-07 Wachtel, Jason 6.50 hour(s).<br>Work remotely to complete the final technical tasks for the upgrade. Run scripts on 6 databases to fix the invoice problems in WennSoft. Work with Dave on setting up the Citrix published applications. Install the new Great Plains on the Citrixserver3 server.   | 1,170.00 |
| Dec-18-07 Wachtel, Jason 7.50 hour(s).<br>Onsite at Algonquin. Provide support to the users testing the system. Migrate Forecaster to the new server and create the new website on PARAMOUNT server for Forecaster. Troubleshoot and resolve the SmartList Builder problems in GP 10. Work with Dave to correct the Citrix icons and published applications. Log into Algonquin after hours and run scripts to correct errors that Susan sent. | 1,350.00 |
| Dec-18-07 Payne, Stephen 1.50 hour(s).<br>Go-live support. Review issues relating to TimeTrack, Job Cost invoices and SmartLists   | 270.00   |
| Dec-18-07 Wardlaw, Renee 8.00 hour(s).<br>On site with Susan relating to Upgrade Security setup and Training   | 1,440.00 |
| Dec-19-07 Wachtel, Jason 2.50 hour(s).<br>Log into Algonquin. Export SmartLists out GP2 in version 8.0. Import them into GP3 version 10. Troubleshoot a module problem in Timetrack. Enabled Payroll in WennSoft Utilities to resolve the problem after speaking to WennSoft. Logged into Citrixserver3 and verified the Forecaster link was enabled and setup correctly.  | 450.00   |
| Dec-21-07 Wachtel, Jason 1.00 hour(s).<br>Log into Algonquin. Resolve a number of issues for Susan that she sent. Remapped all of the MICR cheque formats to the GP3 server for all databases. Pointed Integration Manager to the correct path and sent instructions to Susan for the users and Integration Manager.   | 180.00   |
| Dec-21-07 Payne, Stephen 0.50 hour(s).<br>Project Management and support for WennSoft TimeTrack keys   | 90.00    |
| Dec-24-07 Wardlaw, Renee 1.50 hour(s).<br>Remote support with Susan relating to SmartList Builder Upgrade Issues   | 270.00   |

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Service Charge of 1.5% per month (19.5% per annum) on any balance unpaid 30 days after date of invoice





|           |   |          |
|-----------|---|----------|
| Jan-03-08 | Wardlaw, Renee 1.00 hour(s).  |          |
|           | Remote support with Susan relating to Smartlist Builder security issue  | 175.00   |
| Jan-03-08 | McDonald, Carrie 0.50 hour(s).  |          |
|           | Assist Gerald with the Integration Manager issue  | 90.00    |
| Jan-10-08 | Payne, Stephen 6.00 hour(s).  |          |
|           | On-site intercompany / Paramount review. Review upgrade issues.   | 1,080.00 |
| Jan-15-08 | Wachtel, Jason 1.00 hour(s).  |          |
|           | Conference call with Gerald and David to discuss the rollout of SPI for GP, Nolan and Workplace on the weekend. Researched the correct service packs required as WennSoft required updates as well.   | 180.00   |
| Jan-16-08 | Wachtel, Jason 1.00 hour(s).  |          |
|           | Log into Algonquin Power. Download all of the software required for the upcoming weekend updates. Request new Workplace registration keys.  | 180.00   |
| Jan-19-08 | Wachtel, Jason 7.50 hour(s).  |          |
|           | Log into Algonquin Power. Perform full backups of all the Great Plains on the GP3 server. Begin installing and upgrading the data with GP service pack 1. Install WennSoft service pack on the server and both Citrix servers.  | 1,350.00 |
| Jan-20-08 | Wachtel, Jason 8.50 hour(s).  |          |
|           | Log into Algonquin Power. Perform full backups of the GP data after the GP and WennSoft updates. Install and register Nolan Intercompany on all of the GP databases. Install a fresh Workplace Requisition on 2 new databases on the GP3 server. Install and configure the Workplace web application on the Workplace web server. Configure the website for access. | 1,530.00 |
| Jan-22-08 | Wachtel, Jason 2.50 hour(s).  |          |
|           | Log into Algonquin Power. Resolve an error in Timetrack by enabling the payroll module in WennSoft Utilities. Work with Susan on the Smartlist Builder. Contact Microsoft to verify SmartList Builder capability.   | 450.00   |
| Jan-22-08 | Payne, Stephen 1.00 hour(s).  |          |
|           | Project Management and resolution review  | 180.00   |
| Jan-23-08 | Kerr, Stephen 1.00 hour(s).   |          |
|           | Met with Gerald regarding Integration Issue and correspondence with WennSoft.   | 180.00   |

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Service Charge of 1.5% per month (19.5% per annum) on any balance unpaid 30 days after date of invoice





Jan-23-08 Wachtel, Jason 1.00 hour(s).  
Log into Algonquin Power. Continue to troubleshoot the  
SmartList Builder problem. Work on different methods to try and  
get the 3rd party tables to appear in SmartList Builder. 180.00

Jan-25-08 Wilcox, Randall 1.50 hour(s).  
Follow up with WennSoft on Integration Manager 10 issue for AP  
Transactions. Identify solution - disable WennSoft or Remove  
security to WS Alternate Window for user running the integration. 270.00

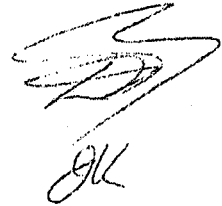
Jan-28-08 Wardlaw, Renee 1.00 hour(s).  
Remote support with Susan relating to Smartlist Builder Security 175.00

Jan-29-08 Payne, Stephen 7.50 hour(s).  
On-site support relating to WorkPlace training and review; Assist  
with resolving IM import issue; Discuss Importing Jobs and Cost  
codes for purchasing companies; Review and forward import  
templates provided by WennSoft. 1,350.00

Project life cycle administration 599.10

Out of pocket expenses 446.06

|         |             |
|---------|-------------|
| Our Fee | \$21,015.16 |
| GST     | 1,050.76    |
| PST     | 8.38        |
| Total   | \$22,074.30 |



1100-1-0000-2110-0000 = 13,256.36

~~400-1-9999-1000-0000~~

1100-1-0000-10-1639-9999 = 7,767.18

OK to PM  
MT

Accounts are due when rendered.

Service Charge of 1.5% per month (19.5% per annum) on any balance unpaid 30 days after date of invoice



# PURCHASE ORDER

No. 00 - 529  
THIS NUMBER MUST APPEAR ON  
ALL PACKING SLIPS, INVOICES  
AND CORRESPONDENCE

From: Algonquin Power  
2845 Bristol Circle  
Oakville, Ontario  
L6H 7H7

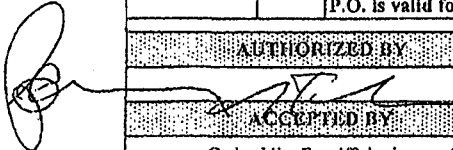
Tel: (905) 465-4500  
Fax: (905) 465-4514

To: BDO  
Attn:

Tel:  
Fax:

| F.O.B.          | Ship Via | Terms | Date of Order |
|-----------------|----------|-------|---------------|
|                 |          | N/30  | 2-Aug-07      |
| Ordered By      | GST      | PST   | Accounting    |
| Gerald Tremblay | 6%       | 8%    |               |

| ITEM #   | QTY | DESCRIPTION          | PAGE | UNIT COST | TOTAL    |
|--|-----|----------------------|------|-----------|----------|
|  | 1   | Great Plains Upgrade |      | 40000.00  | 40000.00 |
|  | 1   | Sort order change    |      | 20000.00  | 20000.00 |
|  | 1   |                      |      |           |          |
| <div>Invoice # 10120356 1,682.09</div> <div>10120632 16,695.38</div> <div>10120885 21,015.16</div> <div>39,392.63</div>                |     |                      |      |           |          |
| <div>1100-9820-015</div> <div>2-7125-0000-0000</div>   |     |                      |      |           |          |
| This Purchase Order is not to exceed \$ 64,800.00<br>without the prior written approval of APC.<br>P.O. is valid for above order only. |     |                      |      |           |          |

| AUTHORIZED BY   | DATE     |
|---|----------|
|  | 2-Aug-07 |
| ACCEPTED BY   | DATE     |
| Order Via Fax / Telephone   | 2-Aug-07 |

One Copy - Vendor : One Copy - Accounting

|          |              |
|----------|--------------|
| Subtotal | \$ 60,000.00 |
| PST      | 4,800.00     |
| GST      |              |
| TOTAL    | \$ 64,800.00 |





**Champion Travis  
Besaw & Kershner LLP**

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Charles W. Chianpou, CPA, JD  
Robert J. Travis, CPA  
Kelly G. Besaw, CPA, CVA  
Eugene G. Kershner, CPA  
Gerald F. Pullano, CPA  
D. Scott Sutherland, CPA

**Invoice No.: 27015**  
**Invoice Date: 09/15/2007**  
**Client No.: 2201.0**

*Algonquin Power 401(k) Plan*  
*Attn: Ms. Janis Valentine*  
*2845 Bristol Circle*  
*Oakville, Ontario L6H 7H7*  
*Canada*

*AP*

For professional services rendered in connection with the audit of the Algonquin Power 401(k) Retirement Plan 2006 financial statements.

**Total Amount Due This Invoice**

POSTED  
-10-22-2007  
\$22,800.00  
OK V L E

*OK Valentine*

|                    |                          |
|--------------------|--------------------------|
| RECEIVED           | VENDOR ID                |
| COMPANY            | G/L CODE                 |
| <del>APFAPIF</del> | 1000-1-0000-20-2110-0000 |
| APPROVED           | JOB #                    |
| PAID               | COST CODE                |

**Payable when rendered. Make checks payable to Champion Travis Besaw & Kershner LLP.**

**Please include invoice number on all correspondence and checks.**

**Tax identification number 16-1468002**

**Thank you**



POSTED

**CONTRACT CONTROL SERVICES INC.**

54 Eastwood Cres  
Markham, Ontario  
Canada L3P 5Z9

Phone Number  
416-618-4203

**INVOICE**

# 08-0801

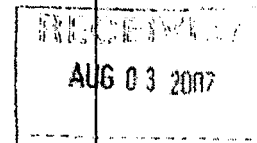
TO:

Algonquin Power Trust  
2845 Bristol Circle,  
Oakville, Ontario  
L6H 7H7

INVOICE DATE August 1, 2007

Attn: Luisa Paniconi, Interim CFO

| Quantity   | Description                                 | Rate         | Amount   |                    |           |  |  |                |          |  |  |     |                          |  |  |          |       |  |  |      |           |  |  |
|--|---|--------------|----------|--------------------|-----------|--|--|----------------|----------|--|--|-----|--------------------------|--|--|----------|-------|--|--|------|-----------|--|--|
| 522.50   | Cumulative Deferred Fee- Due August 1, 2007 | 15.00        | 7,837.50 |                    |           |  |  |                |          |  |  |     |                          |  |  |          |       |  |  |      |           |  |  |
| <table border="1"> <tr> <td>RECEIVED<br/>8/2/07</td><td colspan="3">VENDOR ID</td></tr> <tr> <td>COMPANY<br/>APT</td><td colspan="3">G/L CODE</td></tr> <tr> <td>100</td><td colspan="3">1100.1.0000.20.2110.0000</td></tr> <tr> <td>APPROVED</td><td colspan="3">JOB #</td></tr> <tr> <td>PAID</td><td colspan="3">COST CODE</td></tr> </table> |   |              |          | RECEIVED<br>8/2/07 | VENDOR ID |  |  | COMPANY<br>APT | G/L CODE |  |  | 100 | 1100.1.0000.20.2110.0000 |  |  | APPROVED | JOB # |  |  | PAID | COST CODE |  |  |
| RECEIVED<br>8/2/07   | VENDOR ID                                   |              |          |                    |           |  |  |                |          |  |  |     |                          |  |  |          |       |  |  |      |           |  |  |
| COMPANY<br>APT   | G/L CODE                                    |              |          |                    |           |  |  |                |          |  |  |     |                          |  |  |          |       |  |  |      |           |  |  |
| 100  | 1100.1.0000.20.2110.0000                    |              |          |                    |           |  |  |                |          |  |  |     |                          |  |  |          |       |  |  |      |           |  |  |
| APPROVED   | JOB #                                       |              |          |                    |           |  |  |                |          |  |  |     |                          |  |  |          |       |  |  |      |           |  |  |
| PAID   | COST CODE                                   |              |          |                    |           |  |  |                |          |  |  |     |                          |  |  |          |       |  |  |      |           |  |  |
| GST #849407325   |   | SUBTOTAL     | 7,837.50 |                    |           |  |  |                |          |  |  |     |                          |  |  |          |       |  |  |      |           |  |  |
|  |   | GST(6%)      | 470.25   |                    |           |  |  |                |          |  |  |     |                          |  |  |          |       |  |  |      |           |  |  |
|  |   | Total Due \$ | 8,307.75 |                    |           |  |  |                |          |  |  |     |                          |  |  |          |       |  |  |      |           |  |  |





# Invoice

tsx group



ALGONQUIN POWER INCOME FUND  
2845 BRISTOL CIRCLE  
OAKVILLE, ON L6H 7H7

Invoice Date 31 Mar 2008  
Invoice Number 1086960  
Account Number 21201  
Transaction ID C2008033960

Attn: Chief Financial Officer

| Product/Service | Amount   |
|-----------------|----------|
| FILING FEE      | 5,000.00 |

Subtotal 5,000.00  
GST (Registration #10525 5327 RT) 250.00

|          |  |
|----------|--|
| RECEIVED | VEN. GST (Registration #10525 5327 RT) |
| COMPANY  | G/L CODE                               |
| APIF     | 1000-1-0000-20-2110-0000               |
| APPROVED | JOB #                                  |
| PAID     | COST CODE                              |

POSTED  
\$5,250.00

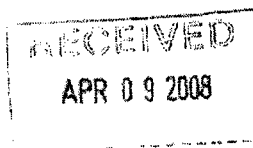
OAKVILLE  
*[Signature]*

Billing Inquiries: (416) 947-4415

Listing Inquiries: 1-888-873-8392

Terms: DUE UPON RECEIPT

Interest of 1.5% per month will be enforced after 15 days from invoice date.



## TSX - EFT Instructions

The Royal Bank of Canada, Main Branch, 200 Bay Street, Toronto, Ontario M5J 2J5 Canada

Canadian Funds / Account # 000-669-2 Transit/Branch 00002 Institution/Bank 003

International customers paying in U.S. funds may use our intermediary bank: JP Morgan Chase, New York ABA #021 000021

U.S. Funds / Account # 00002-409-307-6 Swift code or Routing Transit Number (RTN/ABA) is ROYCCAT2

\*\*\*Please quote Account & Invoice Numbers when remitting payment\*\*\*

PLEASE REFER TO THE ATTACHED DETAILED TRANSACTION RECORD FOR ADDITIONAL INFORMATION

~~~~~ Please Detach and Include with Payment ~~~~~



# Listing Fee Transaction Sheet

C2008033960 Algonquin Power Income Fund APF

Date: Mar 26, 2008

Location: Calgary

Issuer: Algonquin Power Income Fund

Transaction Description: Amendment to SRP and renewal/AC-08-03-041

Account Code Description: Filing Fee

Transaction Sub Type: Securityholder Rights Plan

## Weighted Average Share Price

| Shares Issued | Shares Reserved | Shares Listed | Share Price  | Market Cap | Description |
|---------------|-----------------|---------------|--------------|------------|-------------|
| 0             | 0               | 0             | \$0.00000000 | 0          | 0           |
| 0             | 0               | 0             | \$0.00000000 | 0          | 0           |

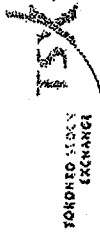
## Fees

|                          |            |
|--------------------------|------------|
| Listing Fee:             | \$0.00     |
| Filing Fee:              | \$5,000.00 |
| TSXV Credit:             | \$0.00     |
| Fee Received:            | \$0.00     |
| Total Fee (excl. taxes): | \$5,000.00 |

|                    |          |
|--------------------|----------|
| Base Fee:          | \$0.00   |
| Variable Rate:     | 0.00000% |
| Max Listing Fee:   | \$0.00   |
| Fee Schedule Year: | 2008     |

|                      |                                     |
|----------------------|-------------------------------------|
| Listing Coordinator: | Bessy Hadjilimtrou                  |
| Listing Manager:     | Anne Child                          |
| Approved:            | <input checked="" type="checkbox"/> |

## Comments





# Rent Expenses



|                  |                    |
|------------------|--------------------|
| Sales / Invoices | SALES0000000000836 |
| Date             | 7/1/2007           |

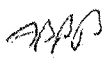
Algonquin Power Trust

0 4 K V I L I E  
-07-24 2007  
P O S T E R

| Purchase Order                        | Customer ID                                                                                                                                                                           | Salesperson ID | Shipping Method | Payment Terms ID |          |           |         |          |          |       |      |           |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------|------------------|----------|-----------|---------|----------|----------|-------|------|-----------|
| Description:<br>Monthly rent from APT | 151APT                                                                                                                                                                                |                | AR              | Net 30           |          |           |         |          |          |       |      |           |
|                                       | Amount<br>\$24,656.76                                                                                                                                                                 |                |                 |                  |          |           |         |          |          |       |      |           |
|                                       | <table><tr><td>RECEIVED</td><td>VENDOR ID</td></tr><tr><td>COMPANY</td><td>G/L CODE</td></tr><tr><td>APPROVED</td><td>JOB #</td></tr><tr><td>PAID</td><td>COST CODE</td></tr></table> |                |                 |                  | RECEIVED | VENDOR ID | COMPANY | G/L CODE | APPROVED | JOB # | PAID | COST CODE |
|                                       | RECEIVED                                                                                                                                                                              | VENDOR ID      |                 |                  |          |           |         |          |          |       |      |           |
|                                       | COMPANY                                                                                                                                                                               | G/L CODE       |                 |                  |          |           |         |          |          |       |      |           |
| APPROVED                              | JOB #                                                                                                                                                                                 |                |                 |                  |          |           |         |          |          |       |      |           |
| PAID                                  | COST CODE                                                                                                                                                                             |                |                 |                  |          |           |         |          |          |       |      |           |
|                                       |                                                                                                                                                                                       |                |                 |                  |          |           |         |          |          |       |      |           |
|                                       |                                                                                                                                                                                       |                |                 |                  |          |           |         |          |          |       |      |           |

|                |             |
|----------------|-------------|
| Subtotal       | \$24,656.76 |
| Misc           | \$0.00      |
| Tax            | \$1,479.41  |
| Freight        | \$0.00      |
| Trade Discount | \$0.00      |
| Payment        | \$0.00      |
| Total Due      | \$26,136.17 |



  
**Private Companies**  
 2845 Bristol Circle  
 Oakville ON L6H 7H7

|                  |                   |
|------------------|-------------------|
| Sales / Invoices | SALES000000000836 |
| Date             | 8/1/2007          |

**Customer:**

Algonquin Power Trust

| Purchase Order                               | Customer ID | Salesperson ID | Shipping Method | Payment Terms ID                                                                                       |
|----------------------------------------------|-------------|----------------|-----------------|--------------------------------------------------------------------------------------------------------|
| <b>Description:</b><br>Monthly rent from APT | 151APT      |                | AR              | Net 30<br><br><div style="text-align: right;"> <b>Amount</b><br/>           \$24,656.76         </div> |

|          |           |
|----------|-----------|
| RECEIVED | VENDOR ID |
| COMPANY  | G/L CODE  |
| APPROVED | JOB #     |
| PAID     | COST CODE |

RECEIVED  
 1000 APP REP  
 COMPANY  
 APT  
 G/L CODE  
 1000.10000.1242.0000  
 APPROVED  
 JOB #  
 PAID  
 COST CODE

POSTED  
 -08-28-2007  
 1112

|                  |                    |
|------------------|--------------------|
| Subtotal         | \$24,656.76        |
| Misc             | \$0.00             |
| Tax              | \$1,479.41         |
| Freight          | \$0.00             |
| Trade Discount   | \$0.00             |
| Payment          | \$0.00             |
| <b>Total Due</b> | <b>\$26,136.17</b> |



Private Companies  
2845 Bristol Circle  
Oakville ON L6H 7H7

|                  |                   |
|------------------|-------------------|
| Sales / Invoices | SALES000000000836 |
| Date             | 9/1/2007          |

Customer:

Algonquin Power Trust

| Purchase Order                                                                                                                                                                                                                                                                                                                         | Customer ID            | Salesperson ID | Shipping Method | Payment Terms ID      |          |           |  |              |         |          |     |                        |          |       |  |  |      |           |  |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------------|-----------------|-----------------------|----------|-----------|--|--------------|---------|----------|-----|------------------------|----------|-------|--|--|------|-----------|--|--|
| Description:<br>Monthly rent from APT                                                                                                                                                                                                                                                                                                  | 151APT                 |                | AR              | Net 30                |          |           |  |              |         |          |     |                        |          |       |  |  |      |           |  |  |
|                                                                                                                                                                                                                                                                                                                                        |                        |                |                 | Amount<br>\$24,656.76 |          |           |  |              |         |          |     |                        |          |       |  |  |      |           |  |  |
|                                                                                                                                                                                                                                                                                                                                        |                        |                |                 |                       |          |           |  |              |         |          |     |                        |          |       |  |  |      |           |  |  |
|                                                                                                                                                                                                                                                                                                                                        |                        |                |                 |                       |          |           |  |              |         |          |     |                        |          |       |  |  |      |           |  |  |
|                                                                                                                                                                                                                                                                                                                                        |                        |                |                 |                       |          |           |  |              |         |          |     |                        |          |       |  |  |      |           |  |  |
| <table><tr><td>RECEIVED</td><td>VENDOR ID</td></tr><tr><td></td><td>1100 APP RCP</td></tr><tr><td>COMPANY</td><td>G/L CODE</td></tr><tr><td>ADP</td><td>100.1.000.10.124E.0000</td></tr><tr><td>APPROVED</td><td>JOB #</td></tr><tr><td></td><td></td></tr><tr><td>PAID</td><td>COST CODE</td></tr><tr><td></td><td></td></tr></table> |                        |                |                 |                       | RECEIVED | VENDOR ID |  | 1100 APP RCP | COMPANY | G/L CODE | ADP | 100.1.000.10.124E.0000 | APPROVED | JOB # |  |  | PAID | COST CODE |  |  |
| RECEIVED                                                                                                                                                                                                                                                                                                                               | VENDOR ID              |                |                 |                       |          |           |  |              |         |          |     |                        |          |       |  |  |      |           |  |  |
|                                                                                                                                                                                                                                                                                                                                        | 1100 APP RCP           |                |                 |                       |          |           |  |              |         |          |     |                        |          |       |  |  |      |           |  |  |
| COMPANY                                                                                                                                                                                                                                                                                                                                | G/L CODE               |                |                 |                       |          |           |  |              |         |          |     |                        |          |       |  |  |      |           |  |  |
| ADP                                                                                                                                                                                                                                                                                                                                    | 100.1.000.10.124E.0000 |                |                 |                       |          |           |  |              |         |          |     |                        |          |       |  |  |      |           |  |  |
| APPROVED                                                                                                                                                                                                                                                                                                                               | JOB #                  |                |                 |                       |          |           |  |              |         |          |     |                        |          |       |  |  |      |           |  |  |
|                                                                                                                                                                                                                                                                                                                                        |                        |                |                 |                       |          |           |  |              |         |          |     |                        |          |       |  |  |      |           |  |  |
| PAID                                                                                                                                                                                                                                                                                                                                   | COST CODE              |                |                 |                       |          |           |  |              |         |          |     |                        |          |       |  |  |      |           |  |  |
|                                                                                                                                                                                                                                                                                                                                        |                        |                |                 |                       |          |           |  |              |         |          |     |                        |          |       |  |  |      |           |  |  |

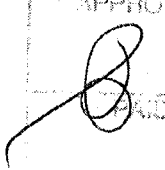
|                |             |
|----------------|-------------|
| Subtotal       | \$24,656.76 |
| Misc           | \$0.00      |
| Tax            | \$1,479.41  |
| Freight        | \$0.00      |
| Trade Discount | \$0.00      |
| Payment        | \$0.00      |
| Total Due      | \$26,136.17 |



# INVOICE

Date: 1-Oct-08  
Landlord: Algonquin Power Property Limited Partnership  
Tenant: Algonquin Power Trust

| Monthly Rent             | \$ per Square Foot | Square Footage | Total        |
|--------------------------|--------------------|----------------|--------------|
| Basic                    | 19.75              | 14,981.32      | 24,656.76    |
| Sub-Total                |                    |                | 24,656.76    |
| GST (#88208 3017 RT0002) |                    | 5%             | 1,232.84     |
| Total                    |                    |                | \$ 25,889.59 |

|                                                                                                |                                      |
|------------------------------------------------------------------------------------------------|--------------------------------------|
| RECEIVED<br>16/01/08<br>ADP                                                                    | VENDOR ID<br>1100 APPROP             |
| COMPANY<br>1100                                                                                | G/L CODE<br>1100.1-0000.10.1249.0000 |
| APPROVED<br> | JOB #                                |
| PAID                                                                                           | COST CODE                            |

POSTED  
-10-02 2008  
OAKVILLE



# INVOICE

Date: 1-Nov-07  
Landlord: Algonquin Power Property Limited Partnership  
Tenant: Algonquin Power Trust

| Monthly Rent             | \$ per Square Foot | Square Footage | Total        |
|--------------------------|--------------------|----------------|--------------|
| Basic                    | 19.75              | 14,981.32      | 24,656.76    |
| Sub-Total                |                    |                | 24,656.76    |
| GST (#88208 3017 RT0002) |                    | 6%             | 1,479.41     |
| Total                    |                    |                | \$ 26,136.16 |

November 07 Rent

|          |                          |
|----------|--------------------------|
| RECEIVED | VENDOR ID                |
| 12/31/07 | 1100A PROP               |
| APPROVED | QAL CODE                 |
| 1100     | 1100.1.0000.10.1248.0000 |
| PAID     | JOE #                    |
|          | COST CODE                |



# INVOICE

Date: 1-Dec-07  
Landlord: Algonquin Power Property Limited Partnership  
Tenant: Algonquin Power Trust

| Monthly Rent             | \$ per Square Foot | Square Footage | Total        |
|--------------------------|--------------------|----------------|--------------|
| Basic                    | 19.75              | 14,981.32      | 24,656.76    |
| Sub-Total                |                    |                | 24,656.76    |
| GST (#88208 3017 RT0002) |                    | 6%             | 1,479.41     |
| Total                    |                    |                | \$ 26,136.16 |

December 07 Rent

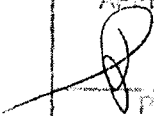
|                      |                          |
|----------------------|--------------------------|
| RECEIVED<br>12/31/07 | VENDOR ID<br>11TDAPPRDP  |
| COMPANY<br>APT       | GL CODE                  |
| 1100                 | 1100.1.0000.10.1248.0000 |
| APPROVED             | JOB #                    |
| PAID                 | COST CODE                |



# INVOICE

Date: 1-Jan-08  
Landlord: Algonquin Power Property Limited Partnership  
Tenant: Algonquin Power Trust

| Monthly Rent             | \$ per Square Foot | Square Footage | Total        |
|--------------------------|--------------------|----------------|--------------|
| Basic                    | 19.75              | 14,981.32      | 24,656.76    |
| Sub-Total                |                    |                | 24,656.76    |
| GST (#88208 3017 RT0002) |                    | 5%             | 1,232.84     |
| Total                    |                    |                | \$ 25,889.59 |

|                                                                                                 |                                     |
|-------------------------------------------------------------------------------------------------|-------------------------------------|
| RECEIVED<br>11/1/08<br>APPT                                                                     | VENDOR ID                           |
| COMPANY<br>1100                                                                                 | GL CODE<br>1100.1.0000.12.1248.0000 |
| APPROVED<br> | JOB #                               |
| PAID                                                                                            | COST CODE                           |

POSTED

-01-14-2008

OAKVILLE



# INVOICE

Date: 1-Feb-08  
Landlord: Algonquin Power Property Limited Partnership  
Tenant: Algonquin Power Trust

| Monthly Rent             | \$ per Square Foot | Square Footage | Total        |
|--------------------------|--------------------|----------------|--------------|
| Basic                    | 19.75              | 14,981.32      | 24,656.76    |
| Sub-Total                |                    |                | 24,656.76    |
| GST (#88208 3017 RT0002) |                    | 5%             | 1,232.84     |
| Total                    |                    |                | \$ 25,889.59 |

|          |                          |
|----------|--------------------------|
| RECEIVED | VENDOR ID                |
| 2/1/08   |                          |
| COMPANY  | GL CODE                  |
| APT      |                          |
| 1100     | 1100.1.0000.10.124R.0000 |
| APPROVED | JOB #                    |
|          |                          |
| PAID     | COST CODE                |
|          |                          |



# INVOICE


POSTED

03-03-08

OAKVILLE

Date: 1-Mar-08  
 Landlord: Algonquin Power Property Limited Partnership  
 Tenant: Algonquin Power Trust

| Monthly Rent             | \$ per Square Foot | Square Footage | Total        |
|--------------------------|--------------------|----------------|--------------|
| Basic                    | 19.75              | 14,981.32      | 24,656.76    |
| Sub-Total                |                    |                | 24,656.76    |
| GST (#88208 3017 RT0002) |                    | 5%             | 1,232.84     |
| Total                    |                    |                | \$ 25,889.59 |


|                                                                                                 |                          |
|-------------------------------------------------------------------------------------------------|--------------------------|
| RECEIVED<br>3/1/08                                                                              | VENDOR ID                |
| COMPANY<br>APT                                                                                  | G/L CODE                 |
| 1100                                                                                            | 1100.1.0000.10.1248.0000 |
| APPROVED<br> | JOB #                    |
| PAID                                                                                            | COST CODE                |



# INVOICE

Date: 1-Apr-08  
Landlord: Algonquin Power Property Limited Partnership  
Tenant: Algonquin Power Trust

| Monthly Rent             | \$ per Square Foot | Square Footage | Total        |
|--------------------------|--------------------|----------------|--------------|
| Basic                    | 19.75              | 14,981.32      | 24,656.76    |
| Sub-Total                |                    |                | 24,656.76    |
| GST (#88208 3017 RT0002) |                    | 5%             | 1,232.84     |
| Total                    |                    |                | \$ 25,889.59 |

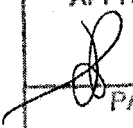
|                                                                                                 |                          |
|-------------------------------------------------------------------------------------------------|--------------------------|
| RECEIVED<br>4/1/08                                                                              | VENDOR ID                |
| COMPANY<br>APT                                                                                  | G/L CODE                 |
| 1100                                                                                            | 1100.1.0000.10.1248.0000 |
| APPROVED<br> | JOB #                    |
| PAID                                                                                            | COST CODE                |



# INVOICE

Date: 1-May-08  
Landlord: Algonquin Power Property Limited Partnership  
Tenant: Algonquin Power Trust

| Monthly Rent             | \$ per Square Foot | Square Footage | Total        |
|--------------------------|--------------------|----------------|--------------|
| Basic                    | 19.75              | 14,981.32      | 24,656.76    |
| Sub-Total                |                    |                | 24,656.76    |
| GST (#88208 3017 RT0002) |                    | 5%             | 1,232.84     |
| Total                    |                    |                | \$ 25,889.59 |

|                                                                                                 |                                      |
|-------------------------------------------------------------------------------------------------|--------------------------------------|
| RECEIVED<br>5/1/08                                                                              | VENDOR ID                            |
| COMPANY<br>APT<br>1100                                                                          | W/L CODE<br>1100.1.0000.10.1248.0000 |
| APPROVED<br> | JOB #                                |
| PAID                                                                                            | COST CODE                            |



# INVOICE

Date: 1-Jun-08

Landlord: Algonquin Power Property Limited Partnership

Tenant: Algonquin Power Trust

| Monthly Rent             | \$ per Square Foot | Square Footage | Total        |
|--------------------------|--------------------|----------------|--------------|
| Basic                    | 19.75              | 14,981.32      | 24,656.76    |
| Sub-Total                |                    |                | 24,656.76    |
| GST (#88208 3017 RT0002) |                    | 5%             | 1,232.84     |
| Total                    |                    |                | \$ 25,889.59 |

|                     |                          |
|---------------------|--------------------------|
| RECEIVED<br>6/11/08 | 1100 APPROP.             |
| COMPANY<br>APT      | 1100 1.0000 10.1248.0000 |
| APPROVED            | JOS #                    |
| PAID                | COST TO BE               |



# Tax Services Expenses





April 30, 2008

Mr. David Bronicheski  
Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville ON L6H 7H7

Remit To: Grant Thornton LLP  
350 Burnhamthorpe Road West  
Suite 401  
Mississauga, ON L5B 3J1

BN 12194 0282 RT0001

CLIENT # 50000

TO PROFESSIONAL SERVICES

INVOICE # 220306

Rendered in connection with:

Review of March 31, 2008 first quarter Canadian and US tax provisions \$8,450.00

Discussions, research regarding possible foreign accrual property income; and  
discussions regarding financing 2,150.00

Administration fee - 3.5% 371.00

|          |           |
|----------|-----------|
| RECEIVED | VENDOR ID |
| COMPANY  | G/L CODE  |
| APPROVED | JOB #     |
| PAID     | COST CODE |

1000 GRATHO  
APIF  
1000-1-0000-75-735-000

POSTED GST  
-05-26-2008  
\$10,971.00  
548.55  
\$11,519.55

OAKVILLE

*OK*  
*[Signature]*

*Book against accmual*

**Billing Address**

Royal Bank Plaza  
200 Bay St, Box 55  
19th Floor South Tower  
Toronto ON M5J 2P9  
T 416-366-0100  
F 416-360-4949  
E Toronto@GrantThornton.ca

**Audit • Tax • Advisory**

Grant Thornton LLP, A Canadian Member of Grant Thornton International Ltd

**Make payment(s) payable to Grant Thornton LLP**

All accounts outstanding over 30 days will be charged interest at the rate of 1 1/2% per month (18% per annum) until paid.

K150





April 30, 2008

Mr. David Bronicheski  
Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville ON L6H 7H7

Remit To: Grant Thornton LLP  
350 Burnhamthorpe Road West  
Suite 401  
Mississauga, ON L5B 3J1

BN 12194 0282 RT0001

CLIENT # 50000

TO PROFESSIONAL SERVICES

INVOICE # 220306

Rendered in connection with:

Review of March 31, 2008 first quarter Canadian and US tax provisions \$8,450.00

Discussions, research regarding possible foreign accrual property income; and  
discussions regarding financing 2,150.00

Administration fee - 3.5% 371.00

|     |                    |
|-----|--------------------|
|     | \$10,971.00        |
| GST | 548.55             |
|     | <u>\$11,519.55</u> |

**Payment Copy**  
**Please Return With Cheque**

**Billing Address**

Royal Bank Plaza  
200 Bay St, Box 55  
19th Floor South Tower  
Toronto ON M5J 2P9  
T 416-366-0100  
F 416-360-4949  
E Toronto@GrantThornton.ca

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**Audit • Tax • Advisory**

Grant Thornton LLP, A Canadian Member of Grant Thornton International Ltd

All accounts outstanding over 30 days will be charged interest at the rate of 1 1/2% per month (18% per annum) until paid.

K150



Grant Thornton LLP  
Chartered Accountants  
Management Consultants

Grant Thornton 

November 30, 2007

Luisa Paniconi  
Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville ON L6H 7H7

Remit To: Grant Thornton LLP  
350 Burnhamthorpe Road West  
Suite 401  
Mississauga, ON L5B 3J1  
BN 12194 0282 RT0052

CLIENT # 50000


TO PROFESSIONAL SERVICES

INVOICE # 216393

Review of Canadian and US tax provisions for the third quarter of 2007. \$8,200.00

Discussions regarding use of NOLs; review of history of NOLs and restrictions on use. 1,500.00

Administration fee

|                                                                                                 |                                       |
|-------------------------------------------------------------------------------------------------|---------------------------------------|
| RECEIVED<br>12/20/07                                                                            | VENDOR ID<br>1000                     |
| COMPANY<br>APIE<br>1000                                                                         | G/L CODE<br>1000.1.0000.75.7351.0000. |
| APPROVED<br> | JOB #                                 |
| PAID                                                                                            | COST CODE                             |

RECEIVED  
DEC 24 2007 GST

339.50  
\$10,039.50  
12-21-07 602.37  
\$10,641.87  
OAKVILLE

Billing Address

Royal Bank Plaza  
200 Bay St, Box 55  
19th Floor South Tower  
Toronto ON M5J 2P9  
T 416-366-0100  
F 416-360-4949

A Canadian Member of Grant Thornton International

All accounts outstanding over 30 days will be charged interest at the rate of 1 1/2% per month (18% per annum) until paid.

K150



Grant Thornton LLP  
Chartered Accountants  
Management Consultants

Grant Thornton 

November 30, 2007

Luisa Paniconi  
Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville ON L6H 7H7

Remit To: Grant Thornton LLP  
350 Burnhamthorpe Road West  
Suite 401  
Mississauga, ON L5B 3J1  
BN 12194 0282 RT0052

CLIENT # 50000

TO PROFESSIONAL SERVICES

INVOICE # 216393

|                                                                                       |                           |
|---------------------------------------------------------------------------------------|---------------------------|
| Review of Canadian and US tax provisions for the third quarter of 2007.               | \$8,200.00                |
| Discussions regarding use of NOLs; review of history of NOLs and restrictions on use. | 1,500.00                  |
| Administration fee                                                                    | 339.50                    |
|                                                                                       | <u>\$10,039.50</u>        |
| GST                                                                                   | 602.37                    |
|                                                                                       | <u><u>\$10,641.87</u></u> |

**Payment Copy**  
**Please Return With Cheque**

Billing Address

Royal Bank Plaza  
200 Bay St, Box 55  
19th Floor South Tower  
Toronto ON M5J 2P9  
T 416-368-0100  
F 416-360-4949

A Canadian Member of Grant Thornton International

All accounts outstanding over 30 days will be charged interest at the rate of 1 1/2% per month (18% per annum) until paid.

KIC0



| 2007 Plants                            | Location             | Division         | Owner                    | Q3/07<br>Tax Provision | GST          | USD             |
|----------------------------------------|----------------------|------------------|--------------------------|------------------------|--------------|-----------------|
| 1 Burgess                              | Ontario              | Hydro            | APFC                     | 128.71                 | 7.72         |                 |
| 2 Hurdman                              | Ontario              | Hydro            | APFC                     | 128.71                 | 7.72         |                 |
| 3 Long Sault                           | Ontario              | Hydro            | APFC                     | 128.71                 | 7.72         |                 |
| 4 Snemo                                | Quebec               | Hydro            | APFC                     | 128.71                 | 7.72         |                 |
| 5 St Raphael                           | Quebec               | Hydro            | APFC                     | 128.71                 | 7.72         |                 |
| 6 St Alban                             | Quebec               | Hydro            | APFC                     | 128.71                 | 7.72         |                 |
| 7 Hydraska                             | Quebec               | Hydro            | APFC                     | 128.71                 | 7.72         |                 |
| 8 Chuteford                            | Quebec               | Hydro            | APFC                     | 128.71                 | 7.72         |                 |
| 9 Rattlebrook                          | Newfoundland         | Hydro            | APFC                     | 128.71                 | 7.72         |                 |
|                                        |                      |                  |                          | <u>1,158.40</u>        | <u>69.50</u> | 0.9671191       |
| 1 Burt Dam                             | New York             | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 2 Hollow Dam                           | New York             | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 3 Otter                                | New York             | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 4 Kings Falls                          | New York             | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 5 Phoenix                              | New York             | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 6 Avery                                | New Hampshire        | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 7 Clement                              | New Hampshire        | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 8 Gregg                                | New Hampshire        | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 9 Pembroke                             | New Hampshire        | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 10 Mine Falls                          | New Hampshire        | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 11 Franklin                            | New Hampshire        | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 12 Hadley                              | New Hampshire        | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 13 Hopkinton                           | New Hampshire        | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 14 Lochmere                            | New Hampshire        | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 15 Ashuelot                            | New Hampshire        | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 16 Lower Robertson                     | New Hampshire        | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 17 Lakeport                            | New Hampshire        | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 18 Milton                              | New Hampshire        | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 19 Beaver Falls                        | New York             | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 20 Great Falls                         | New Jersey           | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 21 Moretown                            | Vermont              | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 22 Worcester                           | Vermont              | Hydro            | APFA                     | 128.71                 |              | 133.09          |
| 23 Sanger                              | California           | Co-gen           | APFA                     | 128.71                 |              | 133.09          |
| 24 Crossroads                          | New Jersey           | Co-gen           | APFA                     | 128.71                 |              | 133.09          |
| 25 Windsor Locks                       | Connecticut          | Co-gen           | APFA                     | 128.71                 |              | 133.09          |
| 26 Prima Landfill                      | California           | Alternative Fuel | APFA                     | 128.71                 |              | 133.09          |
| 27 Tajiguas Landfill                   | California           | Alternative Fuel | APFA                     | 128.71                 |              | 133.09          |
| 28 Nashville Landfill                  | Tennessee            | Alternative Fuel | APFA                     | 128.71                 |              | 133.09          |
| 29 Balesfill Landfill                  | New Jersey           | Alternative Fuel | APFA                     | 128.71                 |              | 133.09          |
| 30 Kingsland Landfill                  | New Jersey           | Alternative Fuel | APFA                     | 128.71                 |              | 133.09          |
| 31 Mid Valley San Bernardino Landfill  | California           | Alternative Fuel | APFA                     | 128.71                 |              | 133.09          |
| 32 Milliken San Bernardino Landfill    | California           | Alternative Fuel | APFA                     | 128.71                 |              | 133.09          |
| 33 San Timoteo San Bernardino Landfill | California           | Alternative Fuel | APFA                     | 128.71                 |              | 133.09          |
| 34 Colton San Bernardino Landfill      | California           | Alternative Fuel | APFA                     | 128.71                 |              | 133.09          |
| 35 Four Hills Landfill                 | New Hampshire        | Alternative Fuel | APFA                     | 128.71                 |              | 133.09          |
| 36 Burnsville Landfill                 | Minnesota            | Alternative Fuel | APFA                     | 128.71                 |              | 133.09          |
|                                        |                      |                  |                          | <u>4,633.62</u>        |              | <u>4,791.15</u> |
| 1 Black Mountain                       | Arizona              | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 2 Gold Canyon                          | Arizona              | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 3 Bella Vista                          | Arizona              | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 4 Tall Timbers                         | Texas                | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 5 Woodmark                             | Texas                | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 6 LSPCo                                | Arizona              | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 7 Fox River                            | Illinois             | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 8 Hill Country                         | Texas                | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 9 Holiday Hills                        | Missouri             | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 10 Holly Lake Ranch                    | Texas                | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 11 Ozark Mountain                      | Missouri             | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 12 Piney Shores                        | Texas                | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 13 Timber Creek                        | Missouri             | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 14 The Villages                        | Texas                | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 15 Southern Sunrise                    | Arizona              | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 16 Northern Sunrise                    | Arizona              | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
| 17 Rio Rico                            | Arizona              | Infrastructure   | AWRA                     | 128.71                 |              | 133.09          |
|                                        |                      |                  |                          | <u>2,188.10</u>        |              | <u>2,262.49</u> |
| 1 Belletierre                          | Quebec               | Hydro            | APIF                     | 128.71                 | 7.72         |                 |
| 2 Brigitte                             | Quebec               | Hydro            | APIF                     | 128.71                 | 7.72         |                 |
| 3 Rawdon                               | Quebec               | Hydro            | APIF                     | 128.71                 | 7.72         |                 |
| 4 Donnacona                            | Quebec               | Hydro            | APIF                     | 128.71                 | 7.72         |                 |
|                                        |                      |                  |                          | <u>514.85</u>          | <u>30.89</u> |                 |
| 1 Campbellford                         | Ontario              | Hydro            | APT                      | 128.71                 | 7.72         |                 |
| 2 Arthurville                          | Quebec               | Hydro            | APT                      | 128.71                 | 7.72         |                 |
| 3 Cochrane                             | Ontario              | Co-gen           | APT                      | 128.71                 | 7.72         |                 |
| 4 Kirkland                             | Ontario              | Co-gen           | APT                      | 128.71                 | 7.72         |                 |
| 5 Chapais                              | Quebec               | Alternative Fuel | APT                      | 128.71                 | 7.72         |                 |
| 6 Brooklyn                             | Nova Scotia          | Alternative Fuel | APT                      | 128.71                 | 7.72         |                 |
|                                        |                      |                  |                          | <u>772.27</u>          | <u>46.34</u> |                 |
| 1 Peel                                 | Ontario              | Alternative Fuel | APEFW                    | 128.71                 | 7.72         |                 |
|                                        |                      |                  |                          | <u>128.71</u>          | <u>7.72</u>  |                 |
| 1 Dickson Dam                          | Alberta              | Hydro            | APOT                     | 128.71                 | 7.72         |                 |
| 2 Drayton Valley                       | Alberta              | Alternative Fuel | APOT                     | 128.71                 | 7.72         |                 |
|                                        |                      |                  |                          | <u>257.42</u>          | <u>15.45</u> |                 |
| 1 Mont Laurier                         | Quebec               | Hydro            | Mont Laurier             | 128.71                 | 7.72         |                 |
| 2 Cote St Catherine                    | Quebec               | Hydro            | Mont Laurier             | 128.71                 | 7.72         |                 |
|                                        |                      |                  |                          | <u>257.42</u>          | <u>15.45</u> |                 |
| 1 St Leon Wind Energy L.P.             | Manitoba             | Alternative Fuel | St Leon Wind Energy L.P. | 128.71                 | 7.72         |                 |
|                                        |                      |                  |                          | <u>128.71</u>          | <u>7.72</u>  |                 |
| 78 Total                               | Total Invoice 216393 |                  |                          | <u>10,039.50</u>       |              | 602.37          |



| 2007 Plants                            | Location      | Division             | Owner                  |                  |                 |
|----------------------------------------|---------------|----------------------|------------------------|------------------|-----------------|
| 1 Burgess                              | Ontario       | Hydro                | APFC                   | 128.71           |                 |
| 2 Hurdman                              | Ontario       | Hydro                | APFC                   | 128.71           |                 |
| 3 Long Sault                           | Ontario       | Hydro                | APFC                   | 128.71           |                 |
| 4 Seneo                                | Quebec        | Hydro                | APFC                   | 128.71           |                 |
| 5 St Raphael                           | Quebec        | Hydro                | APFC                   | 128.71           |                 |
| 6 St Alban                             | Quebec        | Hydro                | APFC                   | 128.71           |                 |
| 7 Hydraska                             | Quebec        | Hydro                | APFC                   | 128.71           |                 |
| 8 Chuteford                            | Quebec        | Hydro                | APFC                   | 128.71           |                 |
| 9 Rattlebrook                          | Newfoundland  | Hydro                | APFC                   | 128.71           |                 |
|                                        |               |                      |                        | <u>1,158.40</u>  | 0.9671191       |
| 1 Burt Dam                             | New York      | Hydro                | APFA                   | 128.71           | 133.09          |
| 2 Hollow Dam                           | New York      | Hydro                | APFA                   | 128.71           | 133.09          |
| 3 Otter                                | New York      | Hydro                | APFA                   | 128.71           | 133.09          |
| 4 Kings Falls                          | New York      | Hydro                | APFA                   | 128.71           | 133.09          |
| 5 Phoenix                              | New York      | Hydro                | APFA                   | 128.71           | 133.09          |
| 6 Avery                                | New Hampshire | Hydro                | APFA                   | 128.71           | 133.09          |
| 7 Clement                              | New Hampshire | Hydro                | APFA                   | 128.71           | 133.09          |
| 8 Gregg                                | New Hampshire | Hydro                | APFA                   | 128.71           | 133.09          |
| 9 Pembroke                             | New Hampshire | Hydro                | APFA                   | 128.71           | 133.09          |
| 10 Mine Falls                          | New Hampshire | Hydro                | APFA                   | 128.71           | 133.09          |
| 11 Franklin                            | New Hampshire | Hydro                | APFA                   | 128.71           | 133.09          |
| 12 Hadley                              | New Hampshire | Hydro                | APFA                   | 128.71           | 133.09          |
| 13 Hopkinton                           | New Hampshire | Hydro                | APFA                   | 128.71           | 133.09          |
| 14 Lochmere                            | New Hampshire | Hydro                | APFA                   | 128.71           | 133.09          |
| 15 Ashuelot                            | New Hampshire | Hydro                | APFA                   | 128.71           | 133.09          |
| 16 Lower Robertson                     | New Hampshire | Hydro                | APFA                   | 128.71           | 133.09          |
| 17 Lakeport                            | New Hampshire | Hydro                | APFA                   | 128.71           | 133.09          |
| 18 Milton                              | New Hampshire | Hydro                | APFA                   | 128.71           | 133.09          |
| 19 Beaver Falls                        | New York      | Hydro                | APFA                   | 128.71           | 133.09          |
| 20 Great Falls                         | New Jersey    | Hydro                | APFA                   | 128.71           | 133.09          |
| 21 Moretown                            | Vermont       | Hydro                | APFA                   | 128.71           | 133.09          |
| 22 Worcester                           | Vermont       | Hydro                | APFA                   | 128.71           | 133.09          |
| 23 Sanger                              | California    | Co-gen               | APFA                   | 128.71           | 133.09          |
| 24 Crossroads                          | New Jersey    | Co-gen               | APFA                   | 128.71           | 133.09          |
| 25 Windsor Locks                       | Connecticut   | Co-gen               | APFA                   | 128.71           | 133.09          |
| 26 Prima Landfill                      | California    | Alternative Fuel     | APFA                   | 128.71           | 133.09          |
| 27 Tajiguas Landfill                   | California    | Alternative Fuel     | APFA                   | 128.71           | 133.09          |
| 28 Nashville Landfill                  | Tennessee     | Alternative Fuel     | APFA                   | 128.71           | 133.09          |
| 29 Balesfill Landfill                  | New Jersey    | Alternative Fuel     | APFA                   | 128.71           | 133.09          |
| 30 Kingsland Landfill                  | New Jersey    | Alternative Fuel     | APFA                   | 128.71           | 133.09          |
| 31 Mid Valley San Bernardino Landfill  | California    | Alternative Fuel     | APFA                   | 128.71           | 133.09          |
| 32 Milliken San Bernardino Landfill    | California    | Alternative Fuel     | APFA                   | 128.71           | 133.09          |
| 33 San Tivoteo San Bernardino Landfill | California    | Alternative Fuel     | APFA                   | 128.71           | 133.09          |
| 34 Colton San Bernardino Landfill      | California    | Alternative Fuel     | APFA                   | 128.71           | 133.09          |
| 35 Four Hills Landfill                 | New Hampshire | Alternative Fuel     | APFA                   | 128.71           | 133.09          |
| 36 Burnsville Landfill                 | Minnesota     | Alternative Fuel     | APFA                   | 128.71           | 133.09          |
|                                        |               |                      |                        | <u>4,633.62</u>  | <u>4,791.15</u> |
| 1 Black Mountain                       | Arizona       | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 2 Gold Canyon                          | Arizona       | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 3 Bella Vista                          | Arizona       | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 4 Tall Timbers                         | Texas         | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 5 Woodmark                             | Texas         | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 6 LSPCo                                | Arizona       | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 7 Fox River                            | Illinois      | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 8 Hill Country                         | Texas         | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 9 Holiday Hills                        | Missouri      | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 10 Holly Lake Ranch                    | Texas         | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 11 Ozark Mountain                      | Missouri      | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 12 Piney Shores                        | Texas         | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 13 Timber Creek                        | Missouri      | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 14 The Villages                        | Texas         | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 15 Southern Sunrise                    | Arizona       | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 16 Northern Sunrise                    | Arizona       | Infrastructure       | AWRA                   | 128.71           | 133.09          |
| 17 Rio Rico                            | Arizona       | Infrastructure       | AWRA                   | 128.71           | 133.09          |
|                                        |               |                      |                        | <u>2,188.10</u>  | <u>2,262.49</u> |
| 1 Bellefleur                           | Quebec        | Hydro                | APIF                   | 128.71           |                 |
| 2 Brigitte                             | Quebec        | Hydro                | APIF                   | 128.71           |                 |
| 3 Rawdon                               | Quebec        | Hydro                | APIF                   | 128.71           |                 |
| 4 Donnacona                            | Quebec        | Hydro                | APIF                   | 128.71           |                 |
|                                        |               |                      |                        | <u>514.85</u>    |                 |
| 1 Campbellford                         | Ontario       | Hydro                | APT                    | 128.71           |                 |
| 2 Arthurville                          | Quebec        | Hydro                | APT                    | 128.71           |                 |
| 3 Cochrane                             | Ontario       | Co-gen               | APT                    | 128.71           |                 |
| 4 Kirkland                             | Ontario       | Co-gen               | APT                    | 128.71           |                 |
| 5 Chapais                              | Quebec        | Alternative Fuel     | APT                    | 128.71           |                 |
| 6 Brooklyn                             | Nova Scotia   | Alternative Fuel     | APT                    | 128.71           |                 |
|                                        |               |                      |                        | <u>772.27</u>    |                 |
| 1 Peel                                 | Ontario       | Alternative Fuel     | APERW                  | 128.71           |                 |
|                                        |               |                      |                        | <u>128.71</u>    |                 |
| 1 Dickson Dam                          | Alberta       | Hydro                | APOT                   | 128.71           |                 |
| 2 Drayton Valley                       | Alberta       | Alternative Fuel     | APOT                   | 128.71           |                 |
|                                        |               |                      |                        | <u>257.42</u>    |                 |
| 1 Mont Laurier                         | Quebec        | Hydro                | Mont Laurier           | 128.71           |                 |
| 2 Coie St Catherine                    | Quebec        | Hydro                | Mont Laurier           | 128.71           |                 |
|                                        |               |                      |                        | <u>257.42</u>    |                 |
| 1 St Leon Wind Energy LP               | Manitoba      | Alternative Fuel     | St Leon Wind Energy LP | 128.71           |                 |
|                                        |               |                      |                        | <u>128.71</u>    |                 |
| 78 Total                               |               | Total Invoice 216393 |                        | <u>10,039.50</u> |                 |



**DAN TOBIAS & ASSOCIATES, INC.**  
TAX, VALUATION, & FINANCIAL CONSULTANTS

2207 GARNET AVE., SUITE I  
SAN DIEGO, CALIFORNIA 92109  
858.490.1292  
858.490.1295 FAX

June 9, 2008

Algonquin Power America-HYDROS  
Mr. Andy Ling  
2845 Bristol Circle  
Oakville, Ontario Canada L6H 7H7

RE: May 2008 Billing Invoices

Dear Mr. Andy Ling:

Please find enclosed our invoices for the month of May in the amount of \$8330.59 for services performed.

Please remit your payment to the following address:

Dan Tobias & Associates, Inc.  
2207 Garnet Ave., Suite I  
San Diego, CA 92109

If you should have any questions please feel free to call us at 858.490.1292.

Sincerely,  
Dan Tobias  
Dan Tobias & Associates, Inc.


~~XX~~ SEND DAN TOB

5000-2-0000-75-7351-0000

Company  
APFA

POSTED

OAKVILLE

OK 



DAN TOBIAS & ASSOCIATES, INC  
TIMESHEETS

DAN TOBIAS  
MAY 2008

| CLIENT                                                              | MAY<br>DATE | DESCRIPTION                                                                         | BILLED<br>HOURS | HOURLY<br>RATE | EXPENSES | TOTAL<br>HOURLY<br>FEES | FIXED FEES | MISC. FEES | TOTAL<br>FEES |
|---------------------------------------------------------------------|-------------|-------------------------------------------------------------------------------------|-----------------|----------------|----------|-------------------------|------------|------------|---------------|
| Algonquin Power America, HYDROS<br>State and Local, Finance Matters |             | 1 Prep NH Hydro returns; rev income analyses and assumptions                        | 5.00            | 195.00         | 0.00     | 975.00                  | 0.00       | 0.00       | 975.00        |
|                                                                     |             | 2 Prep NH Hydro returns; Rev income analyses; Responses to local assessor's offices | 5.00            | 195.00         | 0.00     | 975.00                  | 0.00       | 0.00       | 975.00        |
|                                                                     |             | 3 Prep NH Hydro returns                                                             | 5.00            | 195.00         | 0.00     | 975.00                  | 0.00       | 0.00       | 975.00        |
|                                                                     |             | 5 Prep NH Hydro returns; rev asmt/FMV issues w/ SDickmann                           | 6.00            | 195.00         | 0.00     | 1,170.00                | 0.00       | 0.00       | 1,170.00      |
|                                                                     |             | 8 Rev NH filings; T/C w/ state re: CY filings/enrollment issues                     | 0.00            | 195.00         | 0.00     | 0.00                    | 0.00       | 0.00       | 0.00          |
|                                                                     |             | 19 Rev Gregg asmt; Rev local assessor; prep responses to demand letter              | 5.00            | 195.00         | 0.00     | 975.00                  | 0.00       | 0.00       | 975.00        |
|                                                                     |             | 20 Rev new asmts; Rev local assessor demands: T/C w/ state & local appraisers       | 3.00            | 195.00         | 0.00     | 585.00                  | 0.00       | 0.00       | 585.00        |
|                                                                     |             | 21 Prep PTax returns; Responses to local appraiser/assessor re: enrollments         | 5.00            | 195.00         | 0.00     | 975.00                  | 0.00       | 0.00       | 975.00        |
|                                                                     |             | 24 Prep NH amendments per state requests                                            | 4.00            | 195.00         | 0.00     | 780.00                  | 0.00       | 0.00       | 780.00        |
|                                                                     |             | 28 Prep NH amendments per state requests; Prep responses to local assessors         | 4.00            | 195.00         | 0.00     | 780.00                  | 0.00       | 0.00       | 780.00        |
|                                                                     |             | 30 Telephone, Faxes, Copies, Transportation, Federal Express                        | 0.00            | 195.00         | 140.60   | 0.00                    | 0.00       | 0.00       | 140.60        |
| TOTALS                                                              |             |                                                                                     | 42.00           |                | 140.60   | 8,190.00                | 0.00       | 0.00       | 8,330.60      |





September 28, 2007

Ms. Luisa Paniconi  
Algonquin Power Fund (America) Inc.  
2845 Bristol Circle  
Oakville, ON L6H 7H7

Invoice No. : C 42895394  
Reference : CA001-11497941  
Client : 60117994

KPMG LLP  
Suite 200 Yonge Corporate Centre  
4100 Yonge Street  
North York ON M2P 2H3

Telephone : (416) 228-7000  
Telefax : (416) 228-7123

GST/HST Number 12236 3153 RT0001  
QST Registration 1023774310 TQ0001

Contact : Steve Southard  
Telephone : (416) 228-7105

Progress billing for U.S. tax compliance services rendered through September 15, 2007.

|                                    |                     |
|------------------------------------|---------------------|
| OUR FEE                            | \$ 94,800.00        |
| GST (zero rated: U.S. Corporation) | <u>0.00</u>         |
| INVOICE AMOUNT                     | <u>\$ 94,800.00</u> |

Bill FY1025526  
APFA 44879.67  
AWRA 20,620.37  
AWRA IRS 8800  
KMS CROSS 20,500  
94,800.

|                      |                                     |
|----------------------|-------------------------------------|
| RECEIVED<br>10/10/07 | VENDOR ID<br>1000KAMS               |
| COMPANY<br>APFA      | GL CODE<br>1000,1.0000,20,2110,0000 |
| APPROVED<br>         | JOB #                               |
| PAID                 | COST CODE                           |

POSTED  
-10-11-2007  
OAKVILLE

Payment is due upon receipt

① KMS CROSSROADS LOSSES \$ 20,500  
② AWRA IRS AUDIT \$ 8,800





Algonquin Power Fund (America) Inc. & Subsidiaries  
Billing Detail for U.S. Tax Services Rendered  
Through September 15, 2007

**Tax Compliance Services**

Billing

- ▶ Progress billing for preparation of 2006 federal and state tax returns for APFA, AWR and KMS group of entities - including federal consolidated return, individual partnership and state returns, including supporting schedules and workpapers \$ 140,000
- ▶ Preparation of materials requested as part of IRS audit of AWR, including preparation of power of attorney, review of examination report, and various discussions with IRS auditors to discuss information requests and validity of carryback claim. ② 8,800
- ▶ Calculation of 2006 4th quarter and 2007 2nd and 3rd quarter estimated tax payments and preparation of payment vouchers. 3,500

**Tax Advisory Services**

- ▶ Preparation of private letter ruling request to seek permission to file election to apportion Section 382 limitation on tax losses of KMS America Inc. to KMS Crossroads Inc., including research and analysis to determine applicability of election, and discussions with staff attorney at IRS associate chief counsel office. ① 17,500
- ▶ Miscellaneous discussions and correspondence regarding planning for utilization of SRLY tax losses in KMS Crossroads Inc., including research and analysis on potential risks and limitations, and discussion of consequences of converting KMS Crossroads Inc. into a limited liability company. ① 3,000
- ▶ Update and finalize calculations of earnings and profits ("E&P") for APFA & Subs through to the end of 2005 2,500
- ▶ Miscellaneous other items including: 1) Meeting with Trustee Committee to discuss tax risks inherent in overall income trust structure, 2) follow up on New Hampshire and Tennessee tax notices, 3) discussion on utilization of gas credits, 4) discussion regarding reporting requirements of US shareholders of APIF, 5) documentation required for management fees 3,500

**Disbursements and Administrative Charges**

- ▶ Out of pocket expenses including travel, meals, telephone, word-processing, graphics, courier, and administrative support (which should not exceed 10% of total estimated fees) 12,000
- Subtotal \$ 190,800
- Less: Previous progress billings (96,000)
- Total \$ 94,800





August 3, 2007

Ms. Luisa Paniconi  
Algonquin Power Fund (America) Inc.  
2845 Bristol Circle  
Oakville, ON L6H 7H7

Invoice No. : C 42848261  
Reference : CA001-11497941  
Client : 60117994

KPMG LLP  
Suite 200 Yonge Corporate Centre  
4100 Yonge Street  
North York ON M2P 2H3

Telephone : (416) 228-7000  
Telefax : (416) 228-7123

GST/HST Number 12236 3153 RT0001  
QST Registration 1023774310 TQ0001

Contact : Steve Southard  
Telephone : (416) 228-7105

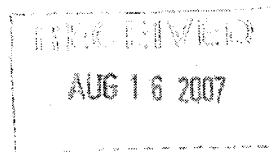
Progress billing for U.S. tax compliance services rendered through July 15, 2007.

|                                    |                     |
|------------------------------------|---------------------|
| OUR FEE                            | \$ 70,000.00        |
| GST (zero rated: U.S. Corporation) | <u>0.00</u>         |
| INVOICE AMOUNT                     | <u>\$ 70,000.00</u> |

2006 Tax Returns

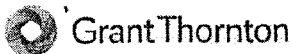
|               |                                      |
|---------------|--------------------------------------|
| APPLY<br>1000 | VENDOR ID<br>1000 KPMG               |
|               | G/L CODE<br>1000.1-0000.20.2110.2000 |
| 8/10/07       | JOB #                                |
|               | COST CODE                            |

Chargeback  
US Companies



Payment is due upon receipt





February 29, 2008

Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville ON L6H 7H7

Remit To: Grant Thornton LLP  
350 Burnhamthorpe Road West  
Suite 401  
Mississauga, ON L5B 3J1  
BN 12194 0282 RT0052

CLIENT # 50000

TO PROFESSIONAL SERVICES

INVOICE # 218189

Rendered in connection with review of the 2007 year end Canadian and US tax provisions; discussions regarding potential amendment of prior year US tax returns.

Disbursements

\$12,000.00

420.00

\$12,420.00

GST 621.00

\$13,041.00

*Tax Services 2007*

|                            |                                 |
|----------------------------|---------------------------------|
| RECEIVED<br><i>3/31/08</i> | VENDOR ID                       |
| COMPANY<br><i>ADIF</i>     | G/L CODE                        |
| <i>1000</i>                | <i>1000.1-0000.20.2110.0000</i> |
| APPROVED                   | JOB #                           |
| <i>[Signature]</i>         |                                 |
| PAID                       | COST CODE                       |

POSTED

516720

PAID FILE

Billing Address

Royal Bank Plaza  
200 Bay St, Box 55  
19th Floor South Tower  
Toronto ON M5J 2P9  
T 416-366-0100  
F 416-360-4949

Audit • Tax • Advisory  
Grant Thornton LLP A Canadian Member of Grant Thornton International Ltd

All accounts outstanding over 30 days will be charged interest at the rate of 1 1/2% per month (18% per annum) until paid

N50





February 29, 2008

Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville ON L6H 7H7

Remit To: Grant Thornton LLP  
350 Burnhamthorpe Road West  
Suite 401  
Mississauga, ON L5B 3J1  
BN 12194 0282 RT0052

CLIENT # 50000

TO PROFESSIONAL SERVICES

INVOICE # 218189

Rendered in connection with review of the 2007 year end Canadian and US tax provisions; discussions regarding potential amendment of prior year US tax returns.

\$12,000.00

Disbursements

420.00

\$12,420.00

GST

621.00

\$13,041.00

**Payment Copy**  
**Please Return With Cheque**

**Billing Address**

Royal Bank Plaza  
200 Bay St. Box 55  
19th Floor South Tower  
Toronto ON M5J 2P9  
T 416-366-0100  
F 416-360-4949

Audit • Tax • Advisory  
Grant Thornton LLP A Canadian Member of Grant Thornton International Ltd

All accounts outstanding over 30 days will be charged interest at the rate of 1 1/2% per month (18% per annum) until paid.

1159




Algonquin Power Income Fund  
2008 - Plants

|                                |                                     |                  |              | Tax<br>Provision  | GST              |
|--------------------------------|-------------------------------------|------------------|--------------|-------------------|------------------|
| 2008 Plants                    |                                     |                  |              |                   |                  |
| 1 Burgess                      | Ontario                             | Hydro            | APFC         | 194.06            | 9.70             |
| 2 Hurdman                      | Ontario                             | Hydro            | APFC         | 194.06            | 9.70             |
| 3 Long Sault                   | Ontario                             | Hydro            | APFC         | 194.06            | 9.70             |
| 4 Simco                        | Quebec                              | Hydro            | APFC         | 194.06            | 9.70             |
| 5 St Raphael                   | Quebec                              | Hydro            | APFC         | 194.06            | 9.70             |
| 6 St Alban                     | Quebec                              | Hydro            | APFC         | 194.06            | 9.70             |
| 7 Hydraska                     | Quebec                              | Hydro            | APFC         | 194.06            | 9.70             |
| 8 Chuteford                    | Quebec                              | Hydro            | APFC         | 194.06            | 9.70             |
| 9 Rattlebrook                  | Newfoundland                        | Hydro            | APFC         | 194.06            | 9.70             |
|                                |                                     |                  |              | <u>1,746.56</u>   | <u>87.33</u>     |
| 1 Butt Dam                     | New York                            | Hydro            | APFA         | 194.06            | 9.70             |
| 2 Hollow Dam                   | New York                            | Hydro            | APFA         | 194.06            | 9.70             |
| 3 Otter                        | New York                            | Hydro            | APFA         | 194.06            | 9.70             |
| 4 Kungs Falls                  | New York                            | Hydro            | APFA         | 194.06            | 9.70             |
| 5 Phoenix                      | New York                            | Hydro            | APFA         | 194.06            | 9.70             |
| 6 Clamont                      | New Hampshire                       | Hydro            | APFA         | 194.06            | 9.70             |
| 7 Gregg                        | New Hampshire                       | Hydro            | APFA         | 194.06            | 9.70             |
| 8 Pembroke                     | New Hampshire                       | Hydro            | APFA         | 194.06            | 9.70             |
| 9 Mous Falls                   | New Hampshire                       | Hydro            | APFA         | 194.06            | 9.70             |
| 10 Franklin                    | New Hampshire                       | Hydro            | APFA         | 194.06            | 9.70             |
| 11 Lockmere                    | New Hampshire                       | Hydro            | APFA         | 194.06            | 9.70             |
| 12 Lakeport                    | New Hampshire                       | Hydro            | APFA         | 194.06            | 9.70             |
| 13 Milton                      | New Hampshire                       | Hydro            | APFA         | 194.06            | 9.70             |
| 14 Great Falls                 | New Jersey                          | Hydro            | APFA         | 194.06            | 9.70             |
| 15 Merckwin                    | Vermont                             | Hydro            | APFA         | 194.06            | 9.70             |
| 16 Sanger                      | California                          | Co-gen           | APFA         | 194.06            | 9.70             |
| 17 Windsor Locks               | Connecticut                         | Co-gen           | APFA         | 194.06            | 9.70             |
| 18 Nashville Landfill          | Tennessee                           | Alternative Fuel | APFA         | 194.06            | 9.70             |
| 19 Balesfill Landfill          | New Jersey                          | Alternative Fuel | APFA         | 194.06            | 9.70             |
| 20 Kingsland Landfill          | New Jersey                          | Alternative Fuel | APFA         | 194.06            | 9.70             |
| 21 Crossroads                  | New Jersey                          | Co-gen           | APFA         | 194.06            | 9.70             |
| 22 Meadowland Gas Treeters LLC | New Jersey                          | Alternative Fuel | APFA         | 194.06            | 9.70             |
|                                |                                     |                  |              | <u>✓ 4,269.38</u> | <u>213.47</u>    |
| 1 Black Mountain               | Arizona                             | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 2 Gold Canyon                  | Arizona                             | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 3 Bella Vista                  | Arizona                             | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 4 Tall Timbers                 | Texas                               | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 5 Woodmark                     | Texas                               | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 6 LSPCA                        | Arizona                             | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 7 Fox River                    | Illinois                            | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 8 Hill Country                 | Texas                               | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 9 Holchow Hills                | Missouri                            | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 10 Holly Lake Ranch            | Texas                               | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 11 Ozark Mountain              | Missouri                            | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 12 Pacer Slough                | Texas                               | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 13 Timber Creek                | Missouri                            | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 14 The Villages                | Texas                               | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 15 Rio Rico                    | Arizona                             | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 16 Northern Sunrise            | Arizona                             | Infrastructure   | AWRA         | 194.06            | 9.70             |
| 17 Southern Sunrise            | Arizona                             | Infrastructure   | AWRA         | 194.06            | 9.70             |
|                                |                                     |                  |              | <u>✓ 3,299.06</u> | <u>164.95</u>    |
| 1 Bellefleur                   | Quebec                              | Hydro            | APIF         | 194.06            | 9.70             |
| 2 Dugate                       | Quebec                              | Hydro            | APIF         | 194.06            | 9.70             |
| 3 Rawdon                       | Quebec                              | Hydro            | APIF         | 194.06            | 9.70             |
| 4 Desautels                    | Quebec                              | Hydro            | APIF         | 194.06            | 9.70             |
|                                |                                     |                  |              | <u>776.25</u>     | <u>38.81</u>     |
| 1 Campbellfield                | Ontario                             | Hydro            | APT          | 194.06            | 9.70             |
| 2 Ashmole                      | Quebec                              | Hydro            | API          | 194.06            | 9.70             |
| 3 Cochrane                     | Ontario                             | Co-gen           | APT          | 194.06            | 9.70             |
| 4 Kilmord                      | Ontario                             | Co-gen           | APT          | 194.06            | 9.70             |
| 5 Chippaw                      | Quebec                              | Alternative Fuel | APT          | 194.06            | 9.70             |
| 6 Brinklyn                     | Nova Scotia                         | Alternative Fuel | APT          | 194.06            | 9.70             |
|                                |                                     |                  |              | <u>✓ 1,164.38</u> | <u>58.22</u>     |
| 1 APEFW                        | Ontario                             | Alternative Fuel | APEFW        | 194.06            | 9.70             |
|                                |                                     |                  |              | <u>✓ 194.06</u>   | <u>9.70</u>      |
| 1 Dickson Dam                  | Alberta                             | Hydro            | DVPIF        | 194.06            | 9.70             |
| 2 Dragon Valley                | Alberta                             | Alternative Fuel | DVPIF        | 194.06            | 9.70             |
|                                |                                     |                  |              | <u>✓ 388.13</u>   | <u>19.41</u>     |
| 1 Abbot Lander                 | Quebec                              | Hydro            | Abbot Lander | 194.06            | 9.70             |
| 2 Cote St Catherine            | Quebec                              | Hydro            | Abbot Lander | 194.06            | 9.70             |
|                                |                                     |                  |              | <u>✓ 388.13</u>   | <u>19.41</u>     |
| 1 St Leon Wind Energy I.P.     | Manitoba                            | Wind             | St Leon      | 194.06            | 9.70             |
|                                |                                     |                  |              | <u>194.06</u>     | <u>9.70</u>      |
|                                |                                     |                  |              | <u>12,420.00</u>  | <u>621.00</u>    |
| 64 Total Plants - Mar31/08     | Total Invoice Grant Thornton 218189 |                  |              | 12,420.00         | 621.00 13,041.00 |

1.000037



Grant Thornton LLP  
Chartered Accountants  
Management Consultants

Grant Thornton 

August 31, 2007

Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville ON  
L6H 7H7  
Attention: Ms. Luisa Paniconi  
Interim Chief Financial Officer

Remit To: Grant Thornton LLP  
350 Burnhamthorpe Road West  
Suite 401  
Mississauga, ON L5B 3J1  
BN 12194 0282 RT0052

CLIENT # 50000

TO PROFESSIONAL SERVICES

INVOICE # 214872

Review of second quarter Canadian and US tax provisions; discussions regarding sale of US equipment; discussions regarding utilization of net operating losses.


\$8,885.00

Disbursements

220.00

*Handwritten:* Tax Revision 02/07

*Handwritten:* Changeback

|                                                                                                 |                                      |
|-------------------------------------------------------------------------------------------------|--------------------------------------|
| RECEIVED<br>9/11/07                                                                             | VENDOR ID                            |
| COMPANY<br>APIF<br>1000                                                                         | G/L CODE<br>1000.1.0000 20.2110.0000 |
| APPROVED<br> | JOB #                                |
| PAID                                                                                            | COST CODE                            |

|     |                   |
|-----|-------------------|
|     | 9,105.00          |
| GST | 546.30            |
|     | <u>\$9,651.30</u> |

*Handwritten:* 09-12-2007

**Billing Office**  
Royal Bank Plaza  
200 Bay St. Box 55  
19th Floor South Tower  
Toronto ON M5J 2P9  
T 416-368-0100  
F 416-360-1949  
E Toronto@GrantThornton.ca

RECEIVED  
SEP 12 2007

Canadian Member of Grant Thornton International

All accounts outstanding over 30 days will be charged interest at the rate of 1 1/2% per month (18% per annum) until paid.



Algonquin Power Income Fund  
2007 - Units

Q2/07  
Tax Provision USD

| 2007 Plants                            | Location      | Division             | Owner                  |                 |                 |
|----------------------------------------|---------------|----------------------|------------------------|-----------------|-----------------|
| 1 Burgess                              | Ontario       | Hydro                | APFC                   | 116.73          |                 |
| 2 Hordkirk                             | Ontario       | Hydro                | APFC                   | 116.73          |                 |
| 3 Long Sault                           | Ontario       | Hydro                | APFC                   | 116.73          |                 |
| 4 Shimo                                | Quebec        | Hydro                | APFC                   | 116.73          |                 |
| 5 St Raphael                           | Quebec        | Hydro                | APFC                   | 116.73          |                 |
| 6 St Alban                             | Quebec        | Hydro                | APFC                   | 116.73          |                 |
| 7 Hydaska                              | Quebec        | Hydro                | APFC                   | 116.73          |                 |
| 8 Chateaufort                          | Quebec        | Hydro                | APFC                   | 116.73          |                 |
| 9 Rattlesbrook                         | Newfoundland  | Hydro                | APFC                   | 116.73          |                 |
|                                        |               |                      |                        | <u>1,050.58</u> | 1.0582227       |
| 1 Burt Dam                             | New York      | Hydro                | APFA                   | 116.73          | 110.31          |
| 2 Hollow Dam                           | New York      | Hydro                | APFA                   | 116.73          | 110.31          |
| 3 Otter                                | New York      | Hydro                | APFA                   | 116.73          | 110.31          |
| 4 Kings Falls                          | New York      | Hydro                | APFA                   | 116.73          | 110.31          |
| 5 Phoenix                              | New York      | Hydro                | APFA                   | 116.73          | 110.31          |
| 6 Avery                                | New Hampshire | Hydro                | APFA                   | 116.73          | 110.31          |
| 7 Cloven                               | New Hampshire | Hydro                | APFA                   | 116.73          | 110.31          |
| 8 Gregg                                | New Hampshire | Hydro                | APFA                   | 116.73          | 110.31          |
| 9 Pembroke                             | New Hampshire | Hydro                | APFA                   | 116.73          | 110.31          |
| 10 Mine Falls                          | New Hampshire | Hydro                | APFA                   | 116.73          | 110.31          |
| 11 Franklin                            | New Hampshire | Hydro                | APFA                   | 116.73          | 110.31          |
| 12 Hadley                              | New Hampshire | Hydro                | APFA                   | 116.73          | 110.31          |
| 13 Hopkinton                           | New Hampshire | Hydro                | APFA                   | 116.73          | 110.31          |
| 14 Lochmere                            | New Hampshire | Hydro                | APFA                   | 116.73          | 110.31          |
| 15 Ashuelot                            | New Hampshire | Hydro                | APFA                   | 116.73          | 110.31          |
| 16 Lower Robertson                     | New Hampshire | Hydro                | APFA                   | 116.73          | 110.31          |
| 17 Lakeport                            | New Hampshire | Hydro                | APFA                   | 116.73          | 110.31          |
| 18 Milton                              | New Hampshire | Hydro                | APFA                   | 116.73          | 110.31          |
| 19 Beaver Falls                        | New York      | Hydro                | APFA                   | 116.73          | 110.31          |
| 20 Great Falls                         | New Jersey    | Hydro                | APFA                   | 116.73          | 110.31          |
| 21 Monticourt                          | Vermont       | Hydro                | APFA                   | 116.73          | 110.31          |
| 22 Worcester                           | Vermont       | Hydro                | APFA                   | 116.73          | 110.31          |
| 23 Sanger                              | California    | Co-gen               | APFA                   | 116.73          | 110.31          |
| 24 Crossroads                          | New Jersey    | Co-gen               | APFA                   | 116.73          | 110.31          |
| 25 Windsor Locks                       | Connecticut   | Co-gen               | APFA                   | 116.73          | 110.31          |
| 26 Pruna Landfill                      | California    | Alternative Fuel     | APFA                   | 116.73          | 110.31          |
| 27 Tappan Landfill                     | California    | Alternative Fuel     | APFA                   | 116.73          | 110.31          |
| 28 Nashville Landfill                  | Tennessee     | Alternative Fuel     | APFA                   | 116.73          | 110.31          |
| 29 Stalesfill Landfill                 | New Jersey    | Alternative Fuel     | APFA                   | 116.73          | 110.31          |
| 30 Kingsland Landfill                  | New Jersey    | Alternative Fuel     | APFA                   | 116.73          | 110.31          |
| 31 Mt Valley San Bernardino Landfill   | California    | Alternative Fuel     | APFA                   | 116.73          | 110.31          |
| 32 Milliken San Bernardino Landfill    | California    | Alternative Fuel     | APFA                   | 116.73          | 110.31          |
| 33 San Timoteo San Bernardino Landfill | California    | Alternative Fuel     | APFA                   | 116.73          | 110.31          |
| 34 Colton San Bernardino Landfill      | California    | Alternative Fuel     | APFA                   | 116.73          | 110.31          |
| 35 Four Hills Landfill                 | New Hampshire | Alternative Fuel     | APFA                   | 116.73          | 110.31          |
| 36 Burnsville Landfill                 | Minnesota     | Alternative Fuel     | APFA                   | 116.73          | 110.31          |
|                                        |               |                      |                        | <u>4,202.31</u> | <u>3,971.10</u> |
| 1 Black Mountain                       | Arizona       | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 2 Gold Canyon                          | Arizona       | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 3 Della Vista                          | Arizona       | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 4 Tall Timbers                         | Texas         | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 5 Woodmark                             | Texas         | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 6 LSPCo                                | Arizona       | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 7 Fox River                            | Illinois      | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 8 Hill Country                         | Texas         | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 9 Holiday Hills                        | Missouri      | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 10 Holly Lake Ranch                    | Texas         | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 11 Ozark Mountains                     | Missouri      | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 12 Pinney Shores                       | Texas         | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 13 Timber Creek                        | Missouri      | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 14 The Villages                        | Texas         | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 15 Southern Sunrise                    | Arizona       | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 16 Northern Sunrise                    | Arizona       | Infrastructure       | AWRA                   | 116.73          | 110.31          |
| 17 Rio Rico                            | Arizona       | Infrastructure       | AWRA                   | 116.73          | 110.31          |
|                                        |               |                      |                        | <u>1,984.42</u> | <u>1,875.24</u> |
| 1 Bellaterre                           | Quebec        | Hydro                | APIF                   | 116.73          |                 |
| 2 Dupont                               | Quebec        | Hydro                | APIF                   | 116.73          |                 |
| 3 Rawdon                               | Quebec        | Hydro                | APIF                   | 116.73          |                 |
| 4 Danversville                         | Quebec        | Hydro                | APIF                   | 116.73          |                 |
|                                        |               |                      |                        | <u>466.92</u>   |                 |
| 1 Campbellford                         | Ontario       | Hydro                | APT                    | 116.73          |                 |
| 2 Ardaraville                          | Quebec        | Hydro                | APT                    | 116.73          |                 |
| 3 Cochrane                             | Ontario       | Co-gen               | APT                    | 116.73          |                 |
| 4 Kirkland                             | Ontario       | Co-gen               | APT                    | 116.73          |                 |
| 5 Chapais                              | Quebec        | Alternative Fuel     | APT                    | 116.73          |                 |
| 6 Brockton                             | Nova Scotia   | Alternative Fuel     | APT                    | 116.73          |                 |
|                                        |               |                      |                        | <u>700.38</u>   |                 |
| 1 Peel                                 | Ontario       | Alternative Fuel     | APEFW                  | 116.73          |                 |
|                                        |               |                      |                        | <u>116.73</u>   |                 |
| 1 Dickson Dam                          | Alberta       | Hydro                | APOT                   | 116.73          |                 |
| 2 Drayton Valley                       | Alberta       | Alternative Fuel     | APOT                   | 116.73          |                 |
|                                        |               |                      |                        | <u>233.46</u>   |                 |
| 1 Mont Laurier                         | Quebec        | Hydro                | Mont Laurier           | 116.73          |                 |
| 2 Cote St Catherine                    | Quebec        | Hydro                | Mont Laurier           | 116.73          |                 |
|                                        |               |                      |                        | <u>233.46</u>   |                 |
| 1 St Leon Wind Energy LP               | Manitoba      | Alternative Fuel     | St Leon Wind Energy LP | 116.73          |                 |
|                                        |               |                      |                        | <u>116.73</u>   |                 |
| 78 Total                               |               | Total Invoice 214872 |                        | <u>9,105.00</u> |                 |

9,105.00



# Trustee Expenses



**Algonquin Power Income Fund**  
**Trustee Fees - George Steeves - Chairman of Audit Committee**  
**For the quarter-ended March 31, 2008**

| Description                                                                        | Amount                |
|------------------------------------------------------------------------------------|-----------------------|
| Quarterly Trustee Fee                                                              | \$ 7,250.00           |
| Monthly Distribution Meeting - January 22, 2008 by telephone                       | \$ 750.00             |
| Monthly Distribution Meeting - February 21, 2008 by telephone                      | \$ 750.00             |
| Monthly Distribution Meeting - March 20, 2008 by telephone                         | \$ 750.00             |
| Managers Compensation Meeting - February 28, 2008 by telephone                     | \$ 750.00             |
| Mangers Letter from Outside Investor Firm - Morning March 20, 2008 by telephone    | \$ 750.00             |
| Q4/07 Audit committee - March 5, 2008, in person                                   | \$ 1,500.00           |
| Q4/07 Trustee Meeting to approve Financial Statements - March 6, 2008, in person   | \$ 1,500.00           |
| Goverence Meeting - Independent Trustees Only - February 7, 2008, in person        | \$ 1,500.00           |
| Strategic Plan Session - February 7, 2008 - in person                              | \$ 1,500.00           |
| Management Agreement Payment - February 27, 2008 - in person                       | \$ 1,500.00           |
| Pre Audit Committee Meeting - March 3, 2008 - in person                            | \$ 1,500.00           |
| Strategic Plan Session - March 26, 2008 - in person                                | \$ 1,500.00           |
| Highground Meeting - March 26, 2008 - in person                                    | \$ 1,500.00           |
| <b>Total Trustee Fees</b>                                                          | <b>\$ 23,000.00</b>   |
| Less: CPP Contribution for Q1 2008                                                 | 1,138.50              |
| Income Taxes                                                                       | 6,000.00              |
| <b>Total</b>                                                                       | <b>15,861.50</b>      |
| CPP - \$23,000 X 4.95% = \$1,138.50 to a maximum annual contribution of \$2,049.30 |                       |
|                                                                                    | Q1/08 1,138.50        |
|                                                                                    | Q2/08                 |
|                                                                                    | Q3/08                 |
|                                                                                    | Q4/08 -               |
|                                                                                    | <b>Total 1,138.50</b> |



**Algonquin Power Income Fund**  
**Trustee Fees - Ken Moore - Chairman of Trustees**  
**For the quarter-ended March 31, 2008**

| Description                                                                        | Amount                       |
|------------------------------------------------------------------------------------|------------------------------|
| Quarterly Trustee Fee                                                              | \$ 7,250.00                  |
| Monthly Distribution Meeting - January 22, 2008 by telephone                       | \$ 750.00                    |
| Monthly Distribution Meeting - February 21, 2008 by telephone                      | \$ 750.00                    |
| Monthly Distribution Meeting - March 20, 2008 by telephone                         | \$ 750.00                    |
| Managers Compensation Meeting - February 28, 2008 by telephone                     | \$ 750.00                    |
| Mangers Letter from Outside Investor Firm - Morning March 20, 2008 by telephone    | \$ 750.00                    |
| Q4/07 Audit committee - March 5, 2008, in person                                   | \$ 1,500.00                  |
| Q4/07 Trustee Meeting to approve Financial Statements - March 6, 2008, in person   | \$ 1,500.00                  |
| Goverence Meeting - Independent Trustees Only - February 7, 2008, in person        | \$ 1,500.00                  |
| Strategic Plan Session - February 7, 2008 - in person                              | \$ 1,500.00                  |
| Management Agreement Payment - February 27, 2008 - in person                       | \$ 1,500.00                  |
| Pre Audit Committee Meeting - March 3, 2008 - in person                            | \$ 1,500.00                  |
| Strategic Plan Session - March 26, 2008 - in person                                | \$ 1,500.00                  |
| Highground Meeting - March 26, 2008 - in person                                    | \$ 1,500.00                  |
| <b>Total Trustee Fees</b>                                                          | <b><u>\$ 23,000.00</u></b>   |
| Less: CPP Contribution for Q1 2008                                                 | 1,138.50                     |
| Income Taxes                                                                       | -                            |
| <b>Total</b>                                                                       | <b><u>21,861.50</u></b>      |
| CPP - \$23,000 X 4.95% = \$1,138.50 to a maximum annual contribution of \$2,049.30 |                              |
|                                                                                    | Q1/08 1,138.50               |
|                                                                                    | Q2/08                        |
|                                                                                    | Q3/08                        |
|                                                                                    | Q4/08 -                      |
|                                                                                    | <b>Total <u>1,138.50</u></b> |



**Algonquin Power Income Fund**  
**Trustee Fees - Chris Ball - Chairman of Corporate Governance Committee**  
**For the quarter-ended March 31, 2008**

| Description                                                                                | Amount                       |
|--------------------------------------------------------------------------------------------|------------------------------|
| Quarterly Trustee Fee                                                                      | \$ 7,250.00                  |
| Monthly Distribution Meeting - January 22, 2008 by telephone                               | \$ 750.00                    |
| Monthly Distribution Meeting - February 21, 2008 by telephone                              | \$ 750.00                    |
| Monthly Distribution Meeting - March 20, 2008 by telephone                                 | \$ 750.00                    |
| Managers Compensation Meeting - February 28, 2008 by telephone                             | \$ 750.00                    |
| Mangers Letter from Outside Investor Firm - Morning March 20, 2008 by telephone            | \$ 750.00                    |
| Q4/07 Audit committee - March 5, 2008, in person                                           | \$ 1,500.00                  |
| Q4/07 Trustee Meeting to approve Financial Statements - March 6, 2008, in person           | \$ 1,500.00                  |
| Goverence Meeting - Independent Trustees Only - February 7, 2008, in person                | \$ 1,500.00                  |
| Strategic Plan Session - February 7, 2008 - in person                                      | \$ 1,500.00                  |
| Management Agreement Payment - February 27, 2008 - in person                               | \$ 1,500.00                  |
| Pre Audit Committee Meeting - March 3, 2008 - in person                                    | \$ 1,500.00                  |
| Strategic Plan Session - March 26, 2008 - in person                                        | \$ 1,500.00                  |
| Highground Meeting - March 26, 2008 - in person                                            | \$ 1,500.00                  |
| <b>Total Trustee Fees</b>                                                                  | <b><u>\$ 23,000.00</u></b>   |
| Less: CPP Contribution for Q1 2008                                                         | 1,138.50                     |
| Income Taxes                                                                               | -                            |
| <b>Total</b>                                                                               | <b><u>21,861.50</u></b>      |
| CPP - $\$23,000 \times 4.95\% = \$1,138.50$ to a maximum annual contribution of \$2,049.30 |                              |
|                                                                                            | Q1/08 1,138.50               |
|                                                                                            | Q2/08                        |
|                                                                                            | Q3/08                        |
|                                                                                            | Q4/08 -                      |
|                                                                                            | <b>Total <u>1,138.50</u></b> |



**Algonquin Power Income Fund**  
**Trustee Fees - George Steeves - Chairman of Audit Committee**  
**For the quarter-ended June 30, 2008**

| Description                                                                        | Amount                     |
|------------------------------------------------------------------------------------|----------------------------|
| Quarterly Trustee Fee                                                              | \$ 7,250.00                |
| Monthly Distribution Meeting - April 22, 2008 by telephone                         | \$ 750.00                  |
| Monthly Distribution Meeting - May 22, 2008 by telephone                           | \$ 750.00                  |
| Monthly Distribution Meeting - June 18, 2008 by telephone                          | \$ 750.00                  |
| Meeting with Genuity - April 21, 2008 in person                                    | \$ 1,500.00                |
| Meeting - Genuity results - April 22, 2008 in person                               | \$ 1,500.00                |
| Annual Meeting - April 24, 2008, in person                                         | \$ 1,500.00                |
| Q1/08 Audit committee - May 7, 2008, in person                                     | \$ 1,500.00                |
| Q1/08 Trustee Meeting to approve Financial Statements - May 8, 2008, in person     | \$ 1,500.00                |
| Meeting with Genuity - May 7, 2008, in person                                      | \$ 1,500.00                |
| Meeting with Genuity - June 6, 2008, in person                                     | \$ 1,500.00                |
| <b>Total Trustee Fees</b>                                                          | <b><u>\$ 20,000.00</u></b> |
| Less: CPP Contribution for Q2 2008                                                 | 910.80                     |
| Income Taxes                                                                       | 8,000.00                   |
| <b>Total</b>                                                                       | <b><u>11,089.20</u></b>    |
| CPP - \$23,000 X 4.95% = \$1,138.50 to a maximum annual contribution of \$2,049.30 |                            |
| Q1/08                                                                              | 1,138.50                   |
| Q2/08                                                                              | 910.80                     |
| Q3/08                                                                              | -                          |
| Q4/08                                                                              | -                          |
| <b>Total</b>                                                                       | <b><u>2,049.30</u></b>     |



**Algonquin Power Income Fund**  
**Trustee Fees - Ken Moore - Chairman of Trustees**  
**For the quarter-ended March 31, 2008**

| Description                                                                    | Amount                     |
|--------------------------------------------------------------------------------|----------------------------|
| Quarterly Trustee Fee                                                          | \$ 7,250.00                |
| Monthly Distribution Meeting - April 22, 2008 by telephone                     | \$ 750.00                  |
| Monthly Distribution Meeting - May 22, 2008 by telephone                       | \$ 750.00                  |
| Monthly Distribution Meeting - June 18, 2008 by telephone                      | \$ 750.00                  |
| Meeting with Genuity - April 21, 2008 in person                                | \$ 1,500.00                |
| Meeting - Genuity results - April 22, 2008 in person                           | \$ 1,500.00                |
| Annual Meeting - April 24, 2008, in person                                     | \$ 1,500.00                |
| Q1/08 Audit committee - May 7, 2008, in person                                 | \$ 1,500.00                |
| Q1/08 Trustee Meeting to approve Financial Statements - May 8, 2008, in person | \$ 1,500.00                |
| Meeting with Genuity - May 7, 2008, in person                                  | \$ 1,500.00                |
| Meeting with Genuity - June 6, 2008, in person                                 | \$ 1,500.00                |
| <b>Total Trustee Fees</b>                                                      | <b><u>\$ 20,000.00</u></b> |
| Less: CPP Contribution for Q2 2008                                             | 910.80                     |
| Income Taxes                                                                   | -                          |
| <b>Total</b>                                                                   | <b><u>19,089.20</u></b>    |

CPP -  $\$23,000 \times 4.95\% = \$1,138.50$  to a maximum annual contribution of \$2,049.30

|              |                        |
|--------------|------------------------|
| Q1/08        | 1,138.50               |
| Q2/08        | 910.80                 |
| Q3/08        | -                      |
| Q4/08        | -                      |
| <b>Total</b> | <b><u>2,049.30</u></b> |



**Algonquin Power Income Fund**  
**Trustee Fees - Chris Ball - Chairman of Corporate Governance Committee**  
**For the quarter-ended March 31, 2008**

| Description                                                                        | Amount                     |
|------------------------------------------------------------------------------------|----------------------------|
| Quarterly Trustee Fee                                                              | \$ 7,250.00                |
| Monthly Distribution Meeting - April 22, 2008 by telephone                         | \$ 750.00                  |
| Monthly Distribution Meeting - May 22, 2008 by telephone                           | \$ 750.00                  |
| Monthly Distribution Meeting - June 18, 2008 by telephone                          | \$ 750.00                  |
| Meeting with Genuity - April 21, 2008 in person                                    | \$ 1,500.00                |
| Meeting - Genuity results - April 22, 2008 in person                               | \$ 1,500.00                |
| Annual Meeting - April 24, 2008, in person                                         | \$ 1,500.00                |
| Q1/08 Audit committee - May 7, 2008, in person                                     | \$ 1,500.00                |
| Q1/08 Trustee Meeting to approve Financial Statements - May 8, 2008, in person     | \$ 1,500.00                |
| Meeting with Genuity - May 7, 2008, in person                                      | \$ 1,500.00                |
| Meeting with Genuity - June 6, 2008, in person                                     | \$ 1,500.00                |
| <b>Total Trustee Fees</b>                                                          | <b><u>\$ 20,000.00</u></b> |
| Less: CPP Contribution for Q2 2008                                                 | 910.80                     |
| Income Taxes                                                                       | -                          |
| <b>Total</b>                                                                       | <b><u>19,089.20</u></b>    |
| CPP - \$23,000 X 4.95% = \$1,138.50 to a maximum annual contribution of \$2,049.30 |                            |
| Q1/08                                                                              | 1,138.50                   |
| Q2/08                                                                              | 910.80                     |
| Q3/08                                                                              | -                          |
| Q4/08                                                                              | -                          |
| <b>Total</b>                                                                       | <b><u>2,049.30</u></b>     |



**Algonquin Power Income Fund**  
**Trustee Fees - Ken Moore - Chairman of Trustees**  
**For the quarter-ended December 31, 2007**

| Description                                                                         | Amount              |
|-------------------------------------------------------------------------------------|---------------------|
| Quarterly Trustee Fee                                                               | \$ 7,250.00         |
| Monthly Distribution Meeting - October 18, 2007 by telephone                        | \$ 750.00           |
| Monthly Distribution Meeting - November 21, 2007 by telephone                       | \$ 750.00           |
| Monthly Distribution Meeting - December 21, 2007 by telephone                       | \$ 750.00           |
| Further discussion on Distribution and BCI November 23, 2007 by telephone           | \$ 750.00           |
| Q3/07 Audit committee - November 7, 2007, in person                                 | \$ 1,500.00         |
| Q3/07 Trustee Meeting to approve Financial Statements - November 7, 2007, in person | \$ 1,500.00         |
| Goverance Meeting - Independent Trustees Only - November 1, 2007, in person         | \$ 1,500.00         |
| Goverance Meeting - Independent Trustees Only - December 21, 2007, in person        | \$ 1,500.00         |
| Audit Committee meeting KPMG, in person                                             | \$ 1,500.00         |
| Annual Tax review meeting at KPMG offices, in person                                | \$ 1,500.00         |
| <b>Total Trustee Fees</b>                                                           | <b>\$ 19,250.00</b> |
| Less: CPP Contribution for Q4 2007                                                  | -                   |
| Income Taxes                                                                        | -                   |
| <b>Total</b>                                                                        | <b>19,250.00</b>    |

POSTED  
 12-27-2007  
 OAKVILLE

RECEIVED  
 DEC 24 2007

CPP - \$18,500 X 4.95% = 915.75 to a maximum annual contribution of \$1,989.90

|                                       |                                    |
|---------------------------------------|------------------------------------|
| RECEIVED<br>12/27/07<br>APRIL<br>1000 | VENDOR ID                          |
| APPROVED                              | G/L CODE<br>1000-0000-20-2110-0000 |
| PAID                                  | JOB #                              |
|                                       | COST CODE                          |

Q1/07 841.50  
 Q2/07 915.75  
 Q3/07 232.65

19,250



# **Algonquin Power Income Fund**

## **Trustee Fees - Chris Ball - Chairman of Corporate Governance Committee For the quarter-ended December 31, 2007**

| Description                                                                         | Amount              |
|-------------------------------------------------------------------------------------|---------------------|
| Quarterly Trustee Fee                                                               | \$ 7,250.00         |
| Monthly Distribution Meeting - October 18, 2007 by telephone                        | \$ 750.00           |
| Monthly Distribution Meeting - November 21, 2007 by telephone                       | \$ 750.00           |
| Monthly Distribution Meeting - December 21, 2007 by telephone                       | \$ 750.00           |
| Further discussion on Distribution and BCI November 23, 2007 by telephone           | \$ 750.00           |
| Q3/07 Audit committee - November 7, 2007, in person                                 | \$ 1,500.00         |
| Q3/07 Trustee Meeting to approve Financial Statements - November 7, 2007, in person | \$ 1,500.00         |
| Goverance Meeting - Independent Trustees Only - November 1, 2007, in person         | \$ 1,500.00         |
| Goverance Meeting - Independent Trustees Only - December 21, 2007, in person        | \$ 1,500.00         |
| Audit Committee meeting KPMG, in person                                             | \$ 1,500.00         |
| Annual Tax review meeting at KPMG offices, in person                                | \$ 1,500.00         |
| <b>Total Trustee Fees</b>                                                           | <b>\$ 19,250.00</b> |
| Less: CPP Contribution for Q4 2007                                                  | -                   |
| Income Taxes                                                                        | -                   |
| <b>Total</b>                                                                        | <b>19,250.00</b>    |

CPP - \$18,500 X 4.95% = 915.75 to a maximum annual contribution of \$1,989.90

|          |                          |
|----------|--------------------------|
| 12/27/07 | 1                        |
| APPLY    | G/L CODE                 |
| 1000     | 1000.1.0000.20.2110.0000 |
| APPROVED | JOB #                    |
| PAID     | COST CODE                |

Q1/07 841.50  
Q2/07 915.75  
Q3/07 232.65

19,250-

RECEIVED  
DEC 27 2007  
POSTED  
-12-27-2007  
OAKVILLE



**Algonquin Power Income Fund**  
**Trustee Fees - George Steeves - Chairman of Audit Committee**  
**For the quarter-ended December 31, 2007**

| Description                                                                         | Amount              |
|-------------------------------------------------------------------------------------|---------------------|
| Quarterly Trustee Fee                                                               | \$ 7,250.00         |
| Monthly Distribution Meeting - October 18, 2007 by telephone                        | \$ 750.00           |
| Monthly Distribution Meeting - November 21, 2007 by telephone                       | \$ 750.00           |
| Monthly Distribution Meeting - December 21, 2007 by telephone                       | \$ 750.00           |
| Further discussion on Distribution and BCI November 23, 2007 by telephone           | \$ 750.00           |
| Q3/07 Audit committee - November 7, 2007, in person                                 | \$ 1,500.00         |
| Q3/07 Trustee Meeting to approve Financial Statements - November 7, 2007, in person | \$ 1,500.00         |
| Goverance Meeting - Independent Trustees Only - November 1, 2007, in person         | \$ 1,500.00         |
| Goverance Meeting - Independent Trustees Only - December 21, 2007, in person        | \$ 1,500.00         |
| Audit Committee meeting KPMG, in person                                             | \$ 1,500.00         |
| Annual Tax review meeting at KPMG offices, in person                                | \$ 1,500.00         |
| <b>Total Trustee Fees</b>                                                           | <b>\$ 19,250.00</b> |

Less: CPP Contribution for Q4 2007

Income Taxes

Total

6,000.00

13,250.00

CPP -  $\$18,500 \times 4.95\% = 915.75$  to a maximum annual contribution of \$1,989.90

|                      |                                  |
|----------------------|----------------------------------|
| RECEIVED<br>12/27/07 | VENDOR ID                        |
| COMPANY<br>APTE      | GL CODE                          |
| 1000                 | 1000.1.0000.20.2110.0000         |
| APPROVED<br>         | JOB #                            |
| PAID                 | 1000.1.0000.20.2110.0000 (6,000) |
|                      | COST CODE                        |

|       |                 |
|-------|-----------------|
| Q1/07 | 841.50          |
| Q2/07 | 915.75          |
| Q3/07 | 232.65          |
| Q4/07 | -               |
| Total | <u>1,989.90</u> |

19,250 - 1,989.90 =

17,260.10

POSTED  
12-27-2007  
BANKVILLE




**Algonquin Power Income Fund**  
**Trustee Fees - Chris Ball - Chairman of Corporate Governance Committee**  
**For the quarter-ended September 30, 2007**

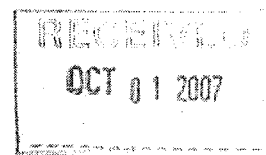
| Description                                                                   | Amount                     |
|-------------------------------------------------------------------------------|----------------------------|
| Quarterly Trustee Fee                                                         | \$ 7,250.00                |
| Monthly Distribution Meeting - July 20, 2007 by telephone                     | \$ 750.00                  |
| Monthly Distribution Meeting - August 22, 2007 by telephone                   | \$ 750.00                  |
| Monthly Distribution Meeting - September 19, 2007 by telephone                | \$ 750.00                  |
| Interview CFO - July 25, 2007 - in person                                     | \$ 1,500.00                |
| Interview CFO - July 31, 2007 - in person                                     | \$ 1,500.00                |
| Q2/07 Audit committee - August 7, 2007, in person                             | \$ 1,500.00                |
| Q2/07 Trustee meeting to approve Q2/07 Statements - August 8, 2007, in person | \$ 1,500.00                |
| Goverance Meeting - Independent Trustees Only - August 1, 2007, in person     | \$ 1,500.00                |
| <b>Total Trustee Fees</b>                                                     | <b><u>\$ 17,000.00</u></b> |
| Less: CPP Contribution for Q3 2007                                            | 232.65                     |
| Income Taxes                                                                  | -                          |
| <b>Total</b>                                                                  | <b><u>16,767.35</u></b>    |

CPP - \$18,500 X 4.95% = 915.75 to a maximum annual contribution of \$1,989.90

|              |                        |
|--------------|------------------------|
| Q1/07        | 841.50                 |
| Q2/07        | 915.75                 |
| Q3/07        | 232.65                 |
| Q4/07        | -                      |
| <b>Total</b> | <b><u>1,989.90</u></b> |

|                                                                                                 |                                      |
|-------------------------------------------------------------------------------------------------|--------------------------------------|
| RECEIVED<br>10/02/07                                                                            | VENDOR ID<br>1000BALCHR              |
| COMPANY<br>APIE<br>1000                                                                         | G/L CODE<br>1000.1.0000.20.2110.0000 |
| APPROVED<br> | JOB #<br>1000.1.0000.20.2110.0000    |
| AND                                                                                             | POST CODE                            |

17,000 -  
 <232.65>





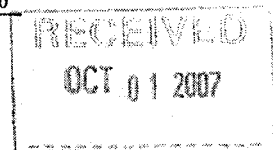
**Algonquin Power Income Fund**  
**Trustee Fees - George Steeves - Chairman of Audit Committee**  
**For the quarter-ended September 30, 2007**

| Description                                                                   | Amount              |
|-------------------------------------------------------------------------------|---------------------|
| Quarterly Trustee Fee                                                         | \$ 7,250.00         |
| Monthly Distribution Meeting - July 20, 2007 by telephone                     | \$ 750.00           |
| Monthly Distribution Meeting - August 22, 2007 by telephone                   | \$ 750.00           |
| Monthly Distribution Meeting - September 19, 2007 by telephone                | \$ 750.00           |
| Interview CFO - July 25, 2007 - in person                                     | \$ 1,500.00         |
| Interview CFO - July 31, 2007 - in person                                     | \$ 1,500.00         |
| Q2/07 Audit committee - August 7, 2007, in person                             | \$ 1,500.00         |
| Q2/07 Trustee meeting to approve Q2/07 Statements - August 8, 2007, in person | \$ 1,500.00         |
| Goverance Meeting - Independent Trustees Only - August 1, 2007, in person     | \$ 1,500.00         |
| <b>Total Trustee Fees</b>                                                     | <b>\$ 17,000.00</b> |
| Less: CPP Contribution for Q3 2007                                            | 232.65              |
| Income Taxes                                                                  | 6,000.00            |
| <b>Total</b>                                                                  | <b>10,767.35</b>    |

CPP - \$18,500 X 4.95% = 915.75 to a maximum annual contribution of \$1,989.90

|              |                 |
|--------------|-----------------|
| Q1/07        | 841.50          |
| Q2/07        | 915.75          |
| Q3/07        | 232.65          |
| Q4/07        | -               |
| <b>Total</b> | <b>1,989.90</b> |

|                                      |                                                                                                          |
|--------------------------------------|----------------------------------------------------------------------------------------------------------|
| RECEIVED<br>10/02/07<br>APIF<br>1000 | VENDOR ID<br>1000STEN                                                                                    |
| COMPANY                              | G/L CODE                                                                                                 |
| PAID                                 | 1000.1.0000.20.2110.0000 17,000-<br>1000.1.0000.20.2110.0000 <232.65><br>1000.1.0000.20.2110.0000 <6000> |
|                                      |                                                                                                          |





**Algonquin Power Income Fund**  
**Trustee Fees - Ken Moore - Chairman of Trustees**  
**For the quarter-ended September 30, 2007**

| Description                                                                   | Amount              |
|-------------------------------------------------------------------------------|---------------------|
| Quarterly Trustee Fee                                                         | \$ 7,250.00         |
| Monthly Distribution Meeting - July 20, 2007 by telephone                     | \$ 750.00           |
| Monthly Distribution Meeting - August 22, 2007 by telephone                   | \$ 750.00           |
| Monthly Distribution Meeting - September 19, 2007 by telephone                | \$ 750.00           |
| Interview CFO - July 25, 2007 - in person                                     | \$ 1,500.00         |
| Interview CFO - July 31, 2007 - in person                                     | \$ 1,500.00         |
| Q2/07 Audit committee - August 7, 2007, in person                             | \$ 1,500.00         |
| Q2/07 Trustee meeting to approve Q2/07 Statements - August 8, 2007, in person | \$ 1,500.00         |
| Governance Meeting - Independent Trustees Only - August 1, 2007, in person    | \$ 1,500.00         |
| <b>Total Trustee Fees</b>                                                     | <b>\$ 17,000.00</b> |
| Less: CPP Contribution for Q3 2007                                            | 232.65              |
| Income Taxes                                                                  | -                   |
| <b>Total</b>                                                                  | <b>16,767.35</b>    |

CPP - \$18,500 X 4.95% = 915.75 to a maximum annual contribution of \$1,989.90

|              |                 |
|--------------|-----------------|
| Q1/07        | 841.50          |
| Q2/07        | 915.75          |
| Q3/07        | 232.65          |
| Q4/07        | -               |
| <b>Total</b> | <b>1,989.90</b> |

|                      |                                      |
|----------------------|--------------------------------------|
| RECEIVED<br>10/02/07 | VENDOR ID<br>1000MOOR                |
| APIF<br>1000         | G/L CODE<br>1000.1.0000.20.2110.0000 |
| RECEIVED             | JOB #<br>1000.1.0000.20.2110.0000    |
| PRD                  | POST CODE                            |

17,000-  
<232.65>



# Unit Holder Expenses





PRINTING COMPANY LIMITED

19 Belvia Road  
Toronto, Ontario  
M8W 3R2  
Tel: 416 252 3174  
Fax: 416 252 0068  
Toll Free: 1 800 356 3313

Invoice #: B2709

Date: 03 27 2008

Ship To:

4 locations

Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville ON L6H 7H7

|                                       |                          |
|---------------------------------------|--------------------------|
| RECEIVED                              | VENDOR ID                |
| Description                           | 1000 KEND                |
| 4,000 - Annual report 68 page + cover | GL CODE                  |
| APIF                                  | 1000-1-0000-20-2110-0000 |
| APPROVED                              | JOB #                    |
| PAID                                  | COST CODE                |

POSTED  
-03-28-2008  
OAKVILLE

Amount  
\$37,260.00

OK to pay  
APIF Annual Report  
April 7/08

Your Order #: Kelly

Terms: Net 30

Sub Total: \$37,260.00

GST: \$1,863.00

PST: \$2,980.80

Total Amount: \$42,103.80

Tax ID Number:

GST Registration #: 102801842RT001

RECEIVED  
APR 07 2008

RECEIVED  
APR 07 2008

Detach and return this portion with payment

Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville ON L6H 7H7

Invoice #: B2709

\$42,103.80

Kendall Printing Company Limited, 19 Belvia Road, Toronto, ON M8W 3R2



**Broadridge**

Investor Communication Solutions, Canada  
 5970 Chedworth Way  
 Mississauga, ON L5R 4G5  
 905-507-5357 Telephone  
 905-507-5311 Fax

*2007 Annual Reports*

Estimated Advance Payment Request for

ALGONQUIN POWER INCOME FUND *1000 BROADR*

03/24/08

\*CRHLD 000

We are in receipt of instructions to mail material on behalf of:

Cusip 015910 ALGONQUIN POWER INCOME FUND

LESS CREDIT ON ACCT (32,693.50)

We request that you forward a payment advance of C\$

66,794.00.

*34,100.50*

The payment advance amount is based on Canada Post Lettermail rates for 19084 packages and (if applicable) the processing fees as determined through the use of the Broadridge Account Management, Consolidation and Proxy Edge systems applied to your Request for Beneficial Ownership Information figures as of 03/18/08.

If you subscribe to the Broadridge NI 51-102 Consent Management Service, we request that you only forward C\$ 57,503.50. This amount is based on 18581 Proxy packages being mailed without the financial statements and MD&A reports, and 503 Proxy packages being mailed to securityholders who have opted to receive the financial statements and MD&A reports.

Actual fees, postage expended and advance payment received will be detailed on your final Broadridge invoice.

Please ensure funds are received prior to receipt of your mailing material.

Please make cheques payable to or wire the funds to:

BROADRIDGE  
 Attention: Accounts Receivable  
 5970 Chedworth Way  
 Mississauga ON L5R 4G5  
 Tel: 905-507-5357 Fax: 905-507-5311

BANK OF MONTREAL  
 1st Canadian Pl, King St,  
 Toronto, ON, M5X 1A3  
 Bank Code 001, Transit # 00022  
 Account # 1157082  
 Swift Code BOMF CAM2  
 REF: 015910

RECEIVED

MAR 25 2008

\*\*\*\*\*  
 \* Please consult with the \*  
 \* CREDIT DEPARTMENT \*  
 \* before processing this job \*  
 \*\*\*\*\*

905-465-4523 Telephone  
 905-465-4540 Fax  
 Please contact:  
 ALGONQUIN POWER INCOME FUND  
 KELLY CASTLEDINE

*2007*

*Annual Reports*



**Broadridge**

Investor Communication Solutions, Canada

5970 Chedworth Way  
 Mississauga, ON L5R 4G5  
 905-507-5357 Telephone  
 905-507-5311 Fax

## Estimated Advance Payment Request for

## ALGONQUIN POWER INCOME FUND

MAR 18 2008

03/07/08

X/1000 BROADR

1000-1-000-20-210-000

\*CRHLD 000

APIF Mailing  
OK March 18/08

We are in receipt of instructions to mail material on behalf of:

Cusip 015910 ALGONQUIN POWER INCOME FUND

We request that you forward a payment advance of C\$ 32,693.50.

The payment advance amount is based on Canada Post Lettermail rates for 9341 packages and (if applicable) the processing fees as determined through the use of the Broadridge Account Management, Consolidation and Proxy Edge systems applied to your Request for Beneficial Ownership Information figures as of 03/04/08.

If you subscribe to the Broadridge NI 51-102 Consent Management Service, we request that you only forward C\$ 28,277.00. This amount is based on 8833 Proxy packages being mailed without the financial statements and MD&A reports, and 508 Proxy packages being mailed to securityholders who have opted to receive the financial statements and MD&A reports.

Actual fees, postage expended and advance payment received will be detailed on your final Broadridge invoice.

Please ensure funds are received prior to receipt of your mailing material.

Please make cheques payable to or wire the funds to:

BROADRIDGE  
 Attention: Accounts Receivable  
 5970 Chedworth Way  
 Mississauga ON L5R 4G5  
 Tel: 905-507-5357 Fax: 905-507-5311

BANK OF MONTREAL  
 1st Canadian Pl, King St,  
 Toronto, ON, M5X 1A3  
 Bank Code 001, Transit # 00022  
 Account # 1157082  
 Swift Code BOMF CAM2  
 REF: 015910

\*\*\*\*\*  
 \* Please consult with the \*  
 \* CREDIT DEPARTMENT \*  
 \* before processing this job \*  
 \*\*\*\*\*

905-465-4523 Telephone  
 905-465-4540 Fax  
 Please contact:  
 ALGONQUIN POWER INCOME FUND  
 KELLY CASTLEDINE

POSTED

-03-18 2008

DARVILLE

APICS





PRINTING COMPANY LIMITED

19 Belvia Road  
Toronto, Ontario  
M8W 3R2  
Tel: 416 252 3174  
Fax: 416 252 0068  
Toll Free: 1 800 356 3313

Invoice #:B2708

Date: 03 27 2008

Ship To:

4 locations

Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville ON L6H 7H7

|                                                                                              |                                               |
|----------------------------------------------------------------------------------------------|-----------------------------------------------|
| RECEIVED                                                                                     | VENDOR ID<br>X 1000 KEND                      |
| COMPANY<br>APIF                                                                              | GL CODE<br>1000-1-0000-20                     |
| Description<br>15,400 - management circular - 44 page<br>10,000 - additional copies<br>total | JOB #<br>APIF Annual Mailing<br>April 1, 2008 |
| PAID                                                                                         | COST CODE                                     |

Amount  
2110-0000-0000  
\$23,920.00  
OK to pay  
OK  
OK

|                                   |              |               |             |
|-----------------------------------|--------------|---------------|-------------|
| Your Order #:Kelly                | Terms:Net 30 | Sub Total:    | \$23,920.00 |
| Tax ID Number:                    |              | GST:          | \$1,196.00  |
| GST Registration #:102801842RT001 |              | PST:          | \$1,913.60  |
|                                   |              | Total Amount: | \$27,029.60 |

Detach and return this portion with payment

RECEIVED  
APR 04 2008

Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville ON L6H 7H7

Invoice #: B2708

\$27,029.60

Kendall Printing Company Limited, 19 Belvia Road, Toronto, ON M8W 3R2





PRINTING COMPANY LIMITED

AUG 21 2007

19 Belvia Road  
Toronto, Ontario  
M8W 3R2  
Tel: 416 252 3174  
Fax: 416 252 0068  
Toll Free: 1 800 356 3313

Invoice #:B2393

Date: 8/20/07

Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville ON L6H 7H7

Ship To:

Broadridge, Postlinx, Kelly

**Description**  
1,500 - 2nd quarter report 40 page self cover

|                  |                                      |
|------------------|--------------------------------------|
| RECEIVED         | VENDOR ID<br>1000 KEND               |
| COMPANY<br>APZIF | G/L CODE<br>1000.1.0000.25.2110.0000 |
| APPROVED         | JOB #                                |
| PAID             | GST CODE<br>OK                       |

PAID  
08-28-2007  
Amount  
\$6,340.00

|                                   |              |               |            |
|-----------------------------------|--------------|---------------|------------|
| Your Order #:Kelly                | Terms:Net 30 | Sub Total:    | \$6,340.00 |
| Tax ID Number:                    |              | GST:          | \$380.40   |
| GST Registration #:102801842RT001 |              | PST:          | \$507.20   |
|                                   |              | Total Amount: | \$7,227.60 |





PRINTING COMPANY LIMITED

NOV 20 2007

19 Belvia Road  
Toronto, Ontario  
M8W 3R2  
Tel: 416 252 3174  
Fax: 416 252 0068  
Toll Free: 1 800 356 3313

Invoice #:B2541

Date: 11 15 2007

Ship To:

Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville ON L6H 7H7

POSTED  
-11-26-2007  
OAKVILLE

\* 1000 KEND

| Description                                   | Amount     |
|-----------------------------------------------|------------|
| 1,000 - 3rd quarter report 44 page self cover | \$6,190.00 |

1000-1-0000-20-2110-0000

APIF  
OK to pay  
Nov 20, 2007

OK

|                                   |              |               |            |
|-----------------------------------|--------------|---------------|------------|
| Your Order #:Kelly                | Terms:Net 30 | Sub Total:    | \$6,190.00 |
| Tax ID Number:                    |              | GST:          | \$371.40   |
|                                   |              | PST:          | \$495.20   |
| GST Registration #:102801842RT001 |              | Total Amount: | \$7,056.60 |





PRINTING COMPANY LIMITED

19 Belvia Road  
Toronto, Ontario  
M8W 3R2  
Tel: 416 252 3174  
Fax: 416 252 0068  
Toll Free: 1 800 356 3313

Invoice #: B2977

Date: 05 20 2008

Algonquin Power Income Fund  
2845 Bristol Circle  
Oakville ON L6H 7H7

Ship To:

3 locations

Description

1,125 - 1st Quarter report 48 page + cover  
Cover: 4/1, Text: black

Amount

\$5,870.00

POSTED

OAKVILLE

Your Order #: Kelly

Terms: Net 30

Sub Total:

\$5,870.00

Tax ID Number:

GST:

\$293.50

PST:

\$469.60

GST Registration #: 102801842RT001

Total Amount:

\$6,633.10

ARIF

\*100 KEND

1,000 - 1,000 - 25 - 210 - 000

OK

OK to pay  
ARIF Q1 Report  
May 23/08





# Broadridge™

## ADVANCE INVOICE FOR ESTIMATED EXPENSES

### REMITTANCE ADDRESS

Wire Transfers: BANK OF AMERICA, NEW YORK, NY  
 FBO: BROADRIDGE ICS  
 FED ABA #: 026009593 ACH ABA #: 021200339  
 ACCOUNT NUMBER: 189-000-775  
 SWIFT CODE: BOFAUS3N

BROADRIDGE ICS  
 P.O. BOX 23487  
 NEWARK, NEW JERSEY 07189

SERVICE INQUIRIES: (631) 254-7447  
 BILLING INQUIRIES: (631) 254-7422  
 FEDERAL ID #: 22-3844417  
 INVOICE TERMS: DUE UPON RECEIPT

BROADRIDGE INVESTOR COMMUNICATION SOLUTIONS WILL INCUR THE FOLLOWING EXPENSES PROCESSING  
 THE BENEFICIAL PORTION OF THE ANNUAL MEETING FOR  
 ALGONQUIN POWER INCOME FUND

### Job Information

JOB NUMBER: P60429  
 INVOICE DATE: 03/06/2008  
 CUSIP NUMBER: 015910  
 INVOICE NUMBER: PXA1013027

### Detail Charges

| DESCRIPTION            | TOTAL CHARGES   |
|------------------------|-----------------|
| Postage                | \$6,337.59      |
| <b>Subtotal (US\$)</b> | <b>6,337.59</b> |

Broadridge Investor Communication Solutions acts on behalf of certain Brokers/Nonlineas to distribute proxies, quarterly reports and other communications from corporate issuers (including "opposition" parties) to their shareholders. Please note, our services have likely been coordinated with your shareholder relations department or your corporate secretary. Direct questions regarding this invoice to Broadridge Investor Communication Solutions Billing Department at the telephone number above. Broadridge Investor Communication Solutions is located at: 51 Mercedes Way, Edgewood, NY 11717

**\*\* TOTAL REQUESTED (USD) \*\***

**\$6,337.59**

ALGONQUIN POWER INCOME FUND  
 2845 BRISTOL CIRCLE  
 OAKVILLE, ON L6H 7H7  
 ATTN: DAVID BRONICHESKI

POSTED

-03-18-2008

OAKVILLE

The line item(s) above reflect the estimated cost of mailing full packages containing proxy materials to your shareholders. Please be aware that many factors, including shareholder positions and postage discounts, may vary and as a result the total cost of your invoice may be different. It may be possible for you to reduce postage costs by utilizing Notice and Access. For more information, please contact your client service representative at (631) 254-7447.